



Doing Business in Malta: 2013 Country

Commercial Guide for U.S. Companies

INTERNATIONAL COPYRIGHT, U.S. & FOREIGN COMMERCIAL SERVICE AND U.S. DEPARTMENT OF STATE, 2013. ALL RIGHTS RESERVED OUTSIDE OF THE UNITED STATES.

- [Chapter 1: Doing Business in Malta](#)
- [Chapter 2: Political and Economic Environment](#)
- [Chapter 3: Selling U.S. Products and Services](#)
- [Chapter 4: Leading Sectors for U.S. Export and Investment](#)
- [Chapter 5: Trade Regulations, Customs, and Standards](#)
- [Chapter 6: Investment Climate](#)
- [Chapter 7: Trade and Project Financing](#)
- [Chapter 8: Business Travel](#)
- [Chapter 9: Contacts, Market Research, and Trade Events](#)
- [Chapter 10: Guide to Our Services](#)

[Return to table of contents](#)

Chapter 1: Doing Business in Malta

- [Market Overview](#)
- [Market Challenges](#)
- [Market Opportunities](#)
- [Market Entry Strategy](#)
- [Market Fact Sheet link](#)

Market Overview

[Return to top](#)

- Malta, a member of the European Union since 2004, offers good business and financial services, excellent telecommunications and flight connections, highly skilled personnel, labor costs that are competitive with other western European countries', a sound legal system, and a low crime rate.
- Malta's geographical location, fiscal and other investment incentives, political stability, and modern infrastructure make it a natural hub for companies seeking to do business in Southern Europe and North Africa. In its 2012 report, the UN listed Malta as a "frontrunner" in the high foreign direct investment (FDI) potential category. To date, more than 200 international companies have established operations in Malta.
- During 2012, the U.S. accounted for 3.2 percent of Malta's total trade.
- During 2012, The U.S. supplied 2.2 percent of Malta's total imports and bought 4.7 percent of Malta's total exports.
- Trade between Malta and its key trading partners was greatly influenced by the presence of ST Microelectronics in Malta. ST imported substantial amounts of semiconductor materials and exported nearly 50 percent of the Malta's export total for finished semiconductors to the United States.
- Key items Malta imported from the U.S. include: gas oil, aircraft engines, aircraft parts, water purification equipment, electrical power generation parts, motor boats, yachts, navigation instruments, and cereals for the manufacture of bread. In addition to semiconductors, Malta exported rubber and rubber articles, automotive switches, video-recording and reproducing equipment, textile products, medical devices and products, toys, and games.
- Malta joined the Eurozone in January 2008 and the Euro (€) is Malta's official currency.

Market Challenges

[Return to top](#)

- Malta is a small island in the middle of the Mediterranean with approximately 400,000 inhabitants.
- Bilateral trade between Malta and the U.S. has traditionally been limited due to a lack of direct flights and the long distance involved in shipping goods directly. While there is a direct shipping connection to Malta for containerized shipments, partial shipments must be shipped through neighboring European ports. Local importers have succeeded in overcoming these difficulties by importing high-

value, low-volume items and by getting these goods from U.S. subsidiaries or associates in Europe or other nearby states.

Market Opportunities

[Return to top](#)

- Sectors: Information Communications Technology (ICT), Financial Services, Oil and Gas, Education, Tourism, Infrastructure, Construction, Information Handling, Pharmaceuticals, Medical Equipment, Automotive components, Light Engineering, Alternative and Renewable Energy, Research & Development, Aviation maintenance; Registration of ships and aircrafts, Franchising and Security products
- Malta is working toward maximizing its potential as a center for international business in the Euro-Med region. A growing number of companies are using Malta as a base for operations in North Africa—particularly Tunisia and Libya—following the Arab Spring government changes there.
- Services represent the largest and fastest-growing sector of the Maltese economy. Banking, investment, insurance, communications, software development, tourism, ship-repair/aircraft servicing, health care services, aviation, logistics, film industry, professional services, and back office operations are the largest service sub-sectors.
- For exporters, Malta serves as a stepping stone to nearby markets. Malta could also serve as a test market to launch new products by allowing companies to determine customers' behaviors and patterns on a small scale.
- Among agricultural products, the best U.S. prospect is in grain, particularly red winter and soft wheat.

Market Entry Strategy

[Return to top](#)

- The application of uniform EU standards and certificates makes it easier for U.S. firms with prior experience in Europe to expand their business interests to Malta.
- Although not required, most foreign suppliers appoint an agent or distributor to market their products in Malta. Franchising, licensing, and joint venture agreements are also common. Several companies have chosen to set up an operating/regional office.
- For public sector procurement, U.S. companies are advised to partner with Maltese companies to increase their chances of success.
- U.S. firms considering investing in Malta should review the relevant regulations with the quasi-government investment promotion agency Malta Enterprise:
<http://www.maltaenterprise.com>

[Return to table of contents](#)

Chapter 2: Political and Economic Environment

Political Environment

Malta has a well-established two-party structure. The currently governing Labor Party (PL), with a European Social Democratic orientation, came to power in March 2013. The Nationalist Party (PN) is a Christian-democratic and conservative political formation. Both parties welcome good relations with the United States. The Labor and Nationalist parties dominate Malta's politics. Elections invariably generate a high voter turnout; in March 2013 the turnout was 93%, the highest rate of non-compulsory voting in the world. The margin between the two parties in elections is often so narrow that a 52% share of the vote is considered a "landslide" for the winning party. In the March 2013 elections, however, the Labor Party won the election by the largest margin in Malta's post-independence history, with 54.8% of the vote, earning 39 seats, while the Nationalist Party received 43.3% of the vote, earning 26 seats. Malta also has a Green Party - Alternative Demokratika (AD) which normally polls one to two percent of the vote. Malta holds six seats in the European Parliament - two Nationalist Party members (aligned with the European People's Party – EPP), and four Labor Party candidates (aligned with the Progressive Alliance of Socialists and Democrats – SD).

Economic Environment

Malta's GDP in 2012 was \$11.14 billion dollars, with an estimated per capita GDP of \$26,100. The international financial crisis did not hit Malta as hard as many of its southern EU neighbors, in large part because government finances are on a relatively solid ground. Economic relations with the Maltese government are excellent and there are no significant bilateral economic or trade disputes between the U.S. and Malta. A double taxation treaty took effect in January 2011. In 2012, Malta had about 1.4 million tourist visits – a 16 percent increase over the past five years. Tourism has long been the most important element in this sector but financial services, online gaming and telecommunications are increasingly significant. A varied industrial sector accounts for about one quarter of GDP. Generic pharmaceutical manufacturing and information computer technology (ICT) are emerging niche markets in which U.S. companies have been active. Agriculture and fishing have declined in importance and represent just 1.5 percent of GDP, although fish farming (for Bluefin tuna, in particular) is growing. There are extensive air connections from Malta to Europe, the Middle East, Russia, and North Africa. No American air carriers fly to Malta and there are no direct flights to or from the U.S. but Malta has seen a rise in the number of low cost air carriers providing scheduled service to the island.

For additional background information please see:

<http://www.state.gov/r/pa/ei/bgn/5382.htm>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 3: Selling U.S. Products and Services

- [Using an Agent or Distributor](#)
- [Establishing an Office](#)
- [Data Privacy](#)
- [Franchising](#)
- [Direct Marketing](#)
- [Joint Ventures/Licensing](#)
- [Selling to the Government](#)
- [Distribution and Sales Channels](#)
- [Selling Factors/Techniques](#)
- [Electronic Commerce](#)
- [Trade Promotion and Advertising](#)
- [Pricing](#)
- [Sales Service/Customer Support](#)
- [Protecting Your Intellectual Property](#)
- [Due Diligence](#)
- [Local Professional Services](#)
- [Web Resources](#)

Using an Agent or Distributor

[Return to top](#)

The key to success in the Maltese market is to have an experienced agent or joint venture partner in Malta with suitable experience and an extensive sales network. The ability to offer full after-sales support to the end user along with spare parts is also crucial.

As the government accounts for a sizeable share of major purchases, it is essential that local agents or joint venture partners have the knowledge and experience to participate in government tenders. Beginning in 2007 the government began to draw upon the €855 million allocated to it by the European Union for use on major projects during the Structural Funds programming period 2007-2013. The majority of these projects are still being implemented. The government has already started its analysis and consultation process to determine a strategy for financing projects that will be funded during the Structural Funds programming period 2014-2021.

Before making an agreement with prospective agents or joint venture partners, U.S. firms are advised to obtain background information and credit reports (see Chapter 10 – Guide to Our Services).

Companies wishing to use distribution, franchising, and agency arrangements need to ensure that the agreements they make are in accordance with European Union (EU) and Member State national laws. Council Directive 86/653/EEC establishes certain minimum standards of protection for self-employed commercial agents who sell or purchase goods on behalf of their principals. In essence, the Directive establishes the rights and

obligations of the principal and its agents; the agents' remuneration; and the conclusion and termination of an agency contract, including the notice to be given and indemnity or compensation to be paid to the agents. U.S. companies should be particularly aware that the Directive states that parties may not derogate certain requirements. Accordingly, the inclusion of a clause specifying an alternate body of law to be applied in the event of a dispute will likely be ruled invalid by European courts. However, voluntary binding arbitration based on EU and Maltese law is an alternative to the often lengthy initial proceedings in the Maltese Court system.

Key Link:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML>

The European Commission's Directorate General for Competition enforces legislation concerned with the effects of "vertical agreements" on competition in the internal market. Most U.S. exporters to Malta are small and medium-sized companies (SMEs) and are therefore exempt from the regulations because their agreements generally qualify as "agreements of minor importance." While useful for cooperation between SMEs, these agreements generally do not affect competition at the EU level. Companies with fewer than 250 employees and an annual turnover of less than €50 million are considered medium-sized enterprises, while companies with fewer than 50 employees and an annual turnover of less than €10 million are considered small enterprises. The EU has additionally indicated that agreements which affect less than 10 percent of a particular market are generally exempt as well (Commission Notice 2001/C 368/07).

Key Link:

http://eur-lex.europa.eu/LexUriServ/site/en/oj/2001/c_368/c_36820011222en00130015.pdf

The EU also seeks to stem payment delays with Directive 2000/35/EC. The Directive focuses primarily on the consequences of late payment and covers all commercial transactions within the EU, whether in the public or private sector. Transactions with consumers, however, do not fall within the scope of this Directive. In sum, the Directive entitles a seller who does not receive payment for goods/services within 30-60 days of the payment deadline to collect interest (at a rate of 7 percent above the European Central Bank rate) as compensation. The seller may also retain the title to goods until payment is completed and may claim full compensation for all recovery costs.

Key Link:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:048:0001:0010:EN:PDF>

Companies' agents and distributors can take advantage of the European Ombudsman when they are victims of inefficient management by an EU institution or body. Only businesses and other bodies with registered offices in the EU can file complaints with the European Ombudsman. The Ombudsman can act on these complaints by investigating cases in which EU institutions fail to act in accordance with the law, fail to respect the principles of good administration, or violate fundamental rights. In addition, SOLVIT, a network of national centers, offers online assistance to citizens and businesses who encounter problems with transactions within the borders of the single market.

Key Links:

<http://www.ombudsman.europa.eu>

Establishing an Office

[Return to top](#)

In order to establish an office in Malta, businesses must obtain a required operating license from the appropriate government department. The fee for such a license depends on the nature of the business and its location. The development of premises for business use requires a license from the Malta Environment and Planning Authority (MEPA). A financial services company has to be licensed by the Malta Financial Services Authority. In addition, every business has to be registered with the VAT and the Inland Revenue Department.

Company registration in Malta is regulated by the Malta Financial Services Authority (MFSA). Malta is a tax-efficient jurisdiction for holding and trading companies. Further, company formation expenses in Malta are relatively low, making Malta a cost-effective jurisdiction not only for large corporations but also for small and medium-sized businesses.

Key Link: <http://registry.mfsa.com.mt/>

Malta offers two types of companies: International Holding Companies (IHC) and International Trading Companies (ITC). These companies are designed to take advantage of the tax treaties signed by Malta.

An IHC is a company whose activities are limited to foreign shareholders and other similar passive, income-generating activities. Such entities are taxed in a particularly advantageous manner where income is received from participating holdings.

The ITC is statutorily defined as a company which is engaged solely in carrying on trading activities from Malta with persons outside Malta and has objects expressly limited to such trading activities. The ITC may not hold foreign investments or equity.

Shareholders

A minimum of two shareholders is required to establish an office, and shareholder details will appear on public file. Shareholders may be corporate entities or individuals. To retain anonymity, nominee shareholders may be used.

Directors

Only one Director is required—either corporate or individual—whose details appear on public file in Malta. In order to gain tax treaty benefits a company must establish that it is tax resident in Malta. Therefore, it will be necessary to have the majority of the company's board of directors based in Malta.

Local Requirements

Every Maltese company must maintain a registered office in Malta and appoint a licensed Maltese nominee company as a company secretary or sole director. Although there is no strict requirement that the director(s) be resident in Malta, it is likely that tax

treaty relief would not be afforded to a company which did not have a majority of directors resident in Malta. For most practical purposes it will therefore be necessary to appoint directors resident in Malta.

Registration of Companies

A limited liability company is the most common form of business in Malta. In order to constitute a valid limited liability company in accordance with the Maltese Companies Act Legislation, at least two persons must enter into a memorandum of association and the Registrar of Companies must then issue a certificate of registration confirming that association.

Key Link:

<http://justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=8853&l=1>

Memorandum and Articles of Association

The Memorandum of Association must specify the objects for which the company is incorporated. The objects may not simply be stated as any lawful purpose or trade in general, but should specify the following:

- Whether the company is a public company or a private company;
- The name and residence of each of the subscribers thereto;
- The company name;
- The company's registered office address in Malta;
- The objects of the company;
- The amount of share capital with which the company proposes to be registered (also referred to as the authorized capital), the division thereof into shares of a fixed amount, the number of shares taken up by each of the subscribers, the amount paid up in respect of each share, and—where the share capital is divided into different classes of shares—the rights attaching to the shares of each class;
- The number of the directors, the name and residence of the first directors, and—where any of the directors is a body corporate—the name and registered or principal office address of the body corporate, the manner in which the representation of the company is to be exercised, and the name of the first person or persons vested with such representation;
- The name and residence of the first company secretary or secretaries;
- The period, if any, fixed for the duration of the company;
- The number of an official identification for each shareholder, director, and company secretary;
- The total amount or an estimate of all the costs payable by the company or chargeable to it by reason of its formation up to the time it is authorized to commence business, and of all the costs relating to transactions leading to such authorization; and
- A description of any special advantage granted, prior to the time the company is authorized to commence business, to anyone who has taken part in the formation of the company or in transactions leading to such authorization.

The memorandum of association may be accompanied by the articles of association, which is a document which prescribes the internal regulations of the company.

If articles of association are not registered, it is assumed that the company has adopted the model articles of association found in the First Schedule to the Companies Act.

The memorandum and articles, if any, must be delivered to the Registrar of Companies who, being satisfied that all the requirements of law have been complied with, shall register them. A company comes into existence from the date of registration indicated in its Certificate of Registration.

Who May Incorporate

Subscribers may be individuals or corporate entities. The shares of a company may also be held by a trustee who is duly authorized in accordance with Maltese Law.

Time Required for Incorporation

The length of time to incorporate a company depends on the type of company being incorporated and on whether all information and documentation is available and in order. Once the Registrar has all necessary documentation and information, the process may take as little as 24 hours.

Registered Office

Every company registered in Malta must have a registered office in Malta. This may be done at a law firm or other providers of corporate services. Any changes to the company's registered office must be communicated to the Registrar of Companies.

Private Company

A private company is a company that must, by its memorandum or articles:

- Restrict the right to transfer its shares;
- Limit the number of shareholders to fifty ; and
- Prohibit any invitation to the public to subscribe for any shares or debentures of the company

Share Capital

A private company needs a minimum authorized share capital of €1,165. The authorized share capital needs to be subscribed by at least two persons, where the authorized share capital is equal to the minimum stipulated by law, and must be fully subscribed in the memorandum. Where it exceeds such minimum, at least that minimum shall be subscribed in the memorandum.

Private Exempt Companies

A private company may have the status of an exempt company and qualify for certain advantages if the following conditions are contained in its memorandum or articles of association:

- (a) the number of persons holding debentures of the company is not more than 50; and

(b) no body corporate is the holder of or has any interest in any shares or debentures of the company; no body corporate is a director of the company; and neither the company nor any of the directors is party to an arrangement whereby persons other than the directors, shareholders, or debenture holders thereof are capable of determining company policy.

Shareholders

The maximum number of shareholders for a private company is fifty. The minimum number of shareholders is normally two; however a single-member company may also be registered under the Companies Act. A single-member company is a private limited liability company, which qualifies as an exempt company and is incorporated with one member. The Memorandum of Association for a single-member company should indicate the main trading activity of the company.

Directors and Company Secretary

Every private company must have at least one director, and every company must have a company secretary. No company may have its sole director as its company secretary, unless the company is a private exempt company. Further, a body corporate whose sole director is company secretary cannot be the sole director of the company.

It shall be the duty of the directors of a company to take all reasonable steps to ensure that the company secretary is an individual who appears to them to have the requisite knowledge and experience to discharge the functions of company secretary. The law does not require that the company secretary be resident in Malta.

Data Privacy

[Return to top](#)

Current Situation

The EU's general data protection Directive (95/46/EC) spells out strict rules concerning the processing of personal data. Businesses must tell consumers that they are collecting data, what they intend to use it for, and to whom it will be disclosed. Data subjects must be given the opportunity to object to the processing of their personal details and to opt-out of having them used for direct marketing purposes. This opt-out should be available at the time of collection and at any point thereafter.

This general legislation is supplemented by specific rules set out in the Directive on the Processing of Personal Data and the Protection of Privacy in the Electronic Communications Sector (2002/58/EC). The Directive requires companies to secure the prior consent of consumers before sending them marketing e-mails. The only exception to this opt-in provision is if the marketer has already obtained the intended recipient's contact details in the context of a previous sale and wishes to send them information on similar products and services.

Proposed New Regulation

The EU's current data privacy legislation is undergoing review. DG Justice proposed a new commercial data protection regulation in January 2012 which is now being revised in the European Parliament and EU Council of Ministers. Ireland was able to make good progress while holding the rotating Presidency of the EU Council during the first six months of 2013, and Lithuania—which will take on the Presidency as of July 2013—has indicated its intent to prioritize the revision of the proposed legislation. The European Commission has pushed for adoption of the proposed regulation in 2014 before the European Parliament's general elections in June of that year.

If the December 2012 version of the regulation is adopted, it will impose significant requirements on European and U.S. businesses, including the manner in which they are able to gather and utilize user data. The regulation would also introduce substantial fines for offending companies (up to 2 percent of global revenue). For over two years, industry representatives have voiced their concerns regarding the proposed legislation to EU Institutions and Member State officials. In a position paper published in July 2012, the American Chamber of Commerce to the EU identified 10 key concerns with the proposed regulation, which include:

- data breach notification
- consent
- definition of “personal data,” “a child,” and “public interest”
- technical feasibility of the “right to be forgotten” provision
- extraterritoriality element that would hamper international data transfers

The implications of this proposed regulation go well beyond its immediate scope. In particular, because data privacy is an integral part of other current EU regulatory initiatives in ICT sectors, the legislation would impact things such as cloud computing and cyber-security.

Key Links:

European Commission's Justice Directorate-General:

http://ec.europa.eu/justice_home/fsj/privacy/index_en.htm

http://ec.europa.eu/justice/data-protection/document/international-transfers/transfer/index_en.htm

http://ec.europa.eu/justice/data-protection/document/international-transfers/binding-corporate-rules/index_en.htm

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2002L0058:20091219:EN:PDF>

Transferring Customer Data to Countries Outside the EU

The EU's general data protection Directive provides for the free flow of personal data within the EU but also for its protection when it leaves the region's borders. Personal data can only be transferred outside the EU if adequate protection is provided for it or if the data subject's unambiguous consent is secured. The European Commission has decided that only a handful of countries have regulatory frameworks in place that guarantee the adequate protection of data transferred to them – the United States is NOT among these.

The Department of Commerce and the European Commission negotiated the Safe Harbor agreement to provide U.S. companies with a simple, streamlined means of complying with the adequacy requirement. It allows those U.S. companies that commit

to a series of data protection principles (based on the Directive)—and publicly state that commitment by "self-certifying" on a dedicated website—to continue to receive personal data from the EU. Committing to the principles is voluntary, but the rules are binding on those who do. Failure to fulfill the commitments will be actionable as an unfair and deceptive practice under Section 5 of the FTC Act or under a concurrent Department of Transportation statute for air carriers and ticket agents. While the United States as a whole does not enjoy an adequacy finding, transfers that are covered by the Safe Harbor program will meet the requirement. Companies whose activities are not regulated by the FTC or DoT (e.g. banks, credit unions, savings and loan institutions, securities dealers, insurance companies, not-for-profit organizations, meat-packing facilities, or telecommunications carriers) are not eligible to certify their compliance with the Safe Harbor Framework.

EU-based exporters or U.S.-based importers of personal data can also satisfy the adequacy requirement by including data privacy clauses in the contracts they sign with each other. The Data Protection Authority in the EU country from where the data is being exported must approve these contracts. To accelerate this procedure the European Commission has approved sets of model clauses for personal data transfers that can be inserted into contracts between data importers and exporters. The most recent acceptable clauses were published at the beginning of 2005 and were complemented in 2010 by contractual clauses on "sub-processing" (outsourcing by an EU-based exporter of its processing activities to other sub-processors outside the EU). Most transfers using contracts based on these model clauses do not require prior approval. Companies must bear in mind that the transfer of personal data to third countries is a processing operation that is subject to the general data protection Directive regardless of any Safe Harbor, contractual, or consent arrangements.

EU countries' Data Protection Authorities (DPAs) and large multinational companies have also developed a third major approach to compliance with EU rules on transfers of personal data to countries outside the EU. This is based on country-by-country approval of "binding corporate rules" (BCRs). A BCR is the international code of practice followed by a multinational corporation for transfers of personal data between the companies belonging to that corporation (worldwide intra-group transfer). BCRs are suitable for closely-knit, hierarchically-structured multinational companies but not for loose conglomerates. Companies that set up BCRs that satisfy European DPAs are able to use the presumption of conformity that these approvals provide to transfer personal data from the EU to any location in the world – not just the United States. BCRs can be a tool for compliance with privacy rules on a global scale. The process of negotiation and approval of the BCRs is currently lengthy and complex and has not been attempted by small or medium-sized companies.

Key Links:

<http://www.export.gov/safeharbor/>

http://ec.europa.eu/justice/data-protection/document/international-transfers/transfer/index_en.htm

http://ec.europa.eu/justice/data-protection/document/international-transfers/binding-corporate-rules/index_en.htm

There are no specific Maltese regulations governing the operations of franchised units in Malta, nor are there any restrictions on a franchise. Foreign Exchange Control regulations govern the payments of the franchise and royalty fees.

Maltese entrepreneurs are generally interested in franchising. Even though the market is relatively small, major US brands known worldwide are present on the island. The U.S. Commercial Service desk present at the U.S. Embassy in Malta receives several requests annually for U.S franchising opportunities from local entrepreneurs. International franchise operators in Malta include some of Malta's most experienced companies and investors which maximizes the probability of franchise success.

Direct Marketing

[Return to top](#)

The use of direct marketing, especially TV-shopping, is increasing in Malta. There are several mail and telephone ordering services in Malta. Door-to-door selling exists on a limited scale but is not common.

There is a wide range of EU legislation that impacts the direct marketing sector. Compliance requirements are the most stringent for marketing and sales to private consumers. Companies need to focus on the clarity and completeness of the information they provide to consumers prior to purchase, as well as on their approaches to collecting and using customer data. The following gives a brief overview of the most important provisions of EU-wide rules on distance selling and online commerce. Companies are advised to consult the information available via the hyper-links listed below.

Processing Customer Data

The EU has strict laws governing the protection of personal data, including the use of such data in the context of direct marketing activities. For more information on these rules, please see the Data Privacy section above.

Distance Selling Rules

Distance and Door-to-Door sales The EU's Directive on distance selling to consumers (97/7/EC) sets out a number of obligations for companies doing business with consumers from afar.

The Directive can read like a set of onerous "do's" and "don'ts," but in many ways it represents nothing more than a customer relations good practice guide with legal effect. Direct marketers must provide clear information on their identity as well as their supplier; full details on prices, including delivery costs; and the period for which an offer remains valid—all of this must be provided before a contract is concluded. Customers generally have the right to return goods without any required explanation within seven days and retain the right to compensation for faulty goods thereafter. Similar in nature is the Doorstep Selling Directive (85/577/EEC) which is designed to protect consumers from sales occurring outside of normal business premises (e.g., door-to-door sales) and to assure the fairness of resulting contracts.

In 2011, the EU overhauled its consumer protection legislation and merged several existing rules into a single rulebook called the "Consumer Rights Directive." The

provisions of this Directive will apply to contracts concluded after June 13, 2014, and will replace current EU rules on distance selling and doorstep selling to consumers. The Directive contains provisions on core information to be provided by traders prior to the conclusion of consumer contracts, regulates the right of withdrawal, includes rules on the costs for the use of means of payment, and bans pre-ticked boxes. Companies are advised to consult the information available via the hyper-links below, check with the US Embassy in the specific EU country, or contact the Commercial Service at the U.S. Mission to the European Union for more specific guidance.

In 2013, the EU adopted rules on Alternative Dispute Resolution which provide consumers the right to turn to quality alternative dispute resolution entities for all types of contractual disputes, including those regarding purchases made online or offline both domestically or across borders. A specific Online Dispute Resolution Regulation will set up an EU-wide online platform to handle consumer disputes that arise from online transactions. The platform will be operational at the end of 2015.

Key Links:

Consumer Affairs Homepage:

http://ec.europa.eu/consumers/index_en.htm

Distance Selling:

http://ec.europa.eu/consumers/cons_int/safe_shop/dist_sell/index_en.htm

Door-to-Door Selling:

http://ec.europa.eu/consumers/cons_int/safe_shop/door_sell/index_en.htm

Consumer Rights:

http://ec.europa.eu/justice/consumer-marketing/rights-contracts/directive/index_en.htm

Distance Selling of Financial Services

Financial services are the subject of a separate Directive that came into force in June 2002 (2002/65/EC). This piece of legislation amends three prior Directives and is designed to ensure that consumers are appropriately protected with respect to financial transactions which are not made in-person. In addition to prohibiting certain abusive marketing practices, the Directive establishes criteria for the presentation of contract information. Given the special nature of financial markets, specifics are also laid out for contractual withdrawal. The Malta Financial Services Authority (MFSA) is the local regulator in the field of financial services.

Key Links:

http://ec.europa.eu/consumers/rights/fin_serv_en.htm

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0065:EN:NOT>

<http://www.mfsa.com.mt>

<http://www.financemalta.org>

Direct Marketing Over the Internet

The e-commerce Directive (2000/31/EC) imposes specific requirements connected to the direct marketing business. Promotional offers must not mislead customers, and the

terms and conditions to qualify for such promotions must be easily accessible and clear. The Directive stipulates that marketing e-mails must be identified as such to the recipient and requires that companies targeting customers online must regularly consult existing national opt-out registers. When an order is placed, the service provider must acknowledge receipt quickly through electronic means, although the Directive does not attribute any legal effect to the placing of an order or its acknowledgment. This is a matter for national law. Vendors of electronically-supplied services (such as software, which the EU considers a service and not a good) must also collect value added tax (VAT) (see Electronic Commerce section below).

Key Link: http://ec.europa.eu/internal_market/e-commerce/index_en.htm

Joint Ventures/Licensing

[Return to top](#)

Joint-venture and licensing arrangements with foreign companies are allowed and encouraged. Private foreign investors are free to make equity arrangements as they wish, ranging from joint ventures to full equity ownership.

Selling to the Government

[Return to top](#)

Government purchases of capital equipment and supplies play an important role in the country's commercial environment. Malta is a member of the EU and adheres to the GATT Procurement Code. The Department of Contracts, which falls under the Ministry of Finance, publishes tenders for government purchases and ensures adherence to stated conditions. Normally the Ministry that requests the goods/services in the tender has a final say in the award.

The EU public procurement market is regulated by three Directives:

- Directive 2004/18 on Coordination of procedures for the award of public works, services, and supplies contracts;
- Directive 2004/17 on Coordination of procedures of entities operating in the Utilities sector, which covers the following: water, energy, transport, and postal services; and
- Directive 2009/81 on Coordination of procedures for the award of certain works, supply, and service contracts by contracting authorities in the fields of defense and security.

Remedies directives cover legal means for companies that face discriminatory public procurement practices.

The Contracts Department posts upcoming and awarded GOM tenders on its website.

Link: <http://www.contracts.gov.mt/>

Foreign firms are allowed to bid directly on government tenders, but U.S. firms involved in recent bids have generally allied with a local partner or agent. Some of the government's purchases are financed through loans from individual countries; most of

them are financed by European Union funds. Malta has been allocated €855 million in EU funds to spend from 2007-2013 on a series of public sector projects.

The US and the EU are signatories of the World Trade Organization's (WTO) Government Procurement Agreement (GPA), which grants access to most public supplies and services, as well as some works contracts published by national procurement authorities of party to the Agreement. In practice, this means that U.S.-based companies are eligible to bid on supplies and services contracts from European public contracting authorities above the agreed thresholds. However, there are restrictions for U.S. suppliers in the EU utilities sector stemming from both the EU Utilities Directive and the EU coverage of the Government Procurement Agreement (GPA). The Utilities Directive allows EU contracting authorities in these sectors either to reject non-EU bids where the proportion of goods originating in non-EU countries exceeds 50 percent of the total value of the goods constituting the tender or to apply a 3 percent price difference to non-EU bids in order to give preference to the EU bid. These restrictions are applied when no reciprocal access for EU companies in the U.S. market is offered. Those restrictions, however, were waived for the electricity sector.

For more information, please visit the U.S. Commercial Service at the U.S. Mission to the European Union website dedicated to EU public procurement. This site also has a database of all European public procurement tenders that are open to U.S.-based firms by virtue of the Government Procurement Agreement. Access is free of charge.

Key Links:

<http://export.gov/europeanunion/grantstendersandfinancing/cseutendersdatabase/index.asp>

<http://export.gov/europeanunion/grantstendersandfinancing/eu-fundedprogramsgrants/index.asp>

Distribution and Sales Channels

[Return to top](#)

Malta offers a full range of sales channels to consumers, with various distribution methods depending on the type of product offered. These methods range from wholesalers selling to traditional shops which then sell to the public, to more sophisticated methods such as large department stores which have become increasingly popular outlets.

While most imported items, especially capital equipment and raw materials, are still purchased through agents and distributors, some large domestic manufacturing companies import these items directly.

Selling Factors/Techniques

[Return to top](#)

The selling factors/techniques applicable to Malta are generally the same as those used in other Western European countries. Due to the country's small size, the sales territory includes all of Malta.

Electronic Commerce

[Return to top](#)

E-commerce, (whether Business-to-Consumer or Business-to-Business), was slow to develop in Malta; however, it has now begun to evolve rapidly. During 2012, 20 percent of enterprises with at least 10 employees (FTE) received orders via computer networks,

representing an increase of 2 percentage points when compared to the previous year. This amounted to over €1 billion in e-commerce sales, which accounts for 14 percent of total turnover (of enterprises that use the Internet). In addition, 75 percent of orders were received via electronic transmission, thereby enabling companies to use automatic processing methods. The remaining 25 percent of orders were received via website. Furthermore, 27 percent of enterprises placed orders via computer networks during 2011, an increase of three percentage points when compared to the previous year. In monetary terms this accounted for more than €750,000—or 15 percent—of total purchases (of enterprises using the Internet).

The trade of goods and services over the Internet increased from 61 percent in 2010 to 66 percent in 2011. Results of an official survey show that 50 percent of respondents who conducted e-commerce did so to purchase items of clothing, which continue to be the most common items sought. Books, magazines, and newspapers recorded a demand of 32 percent and represented the second-largest group of commodities purchased via e-commerce. Hotel accommodation ranked third with a demand of 29.3 percent. These statistics also revealed that the majority of goods purchased via e-commerce, 84 percent, originated from other EU Member States. This represents an 8 percentage point decrease from the previous year.

The Maltese government implemented a series of training initiatives under the “Kick-Start” awareness program. In October 2006, the government published the Electronic Commerce Act regulations which require information service providers to furnish basic identifying information to customers. The regulations also established obligations to ensure appropriate levels of transparency with respect to commercial communications online.

Statistics show that local companies are consistently making greater use of information technology. Over 97 percent of local businesses use computers and around 95 percent use the Internet. Eighty-five percent have DSL broadband connectivity, while 76.5 percent operate a website.

The Maltese Government has invested in ICT and would like to see Malta become an IT center in the region. The government sees the development of SmartCity Malta—a TECOM technology park modeled on their Dubai InternetCity project—as a step toward this goal. SmartCity Malta is projected to attract around 200 new ICT companies to Malta and create approximately 5,600 jobs.

The Electronic Commerce Directive (2000/31/EC) previously mentioned in the Direct Marketing section above provides rules for online services in the EU. It requires providers to abide by rules in the country of origin. Online providers must respect consumer protection rules, such as indicating contact details on their websites, clearly identifying advertising, and protecting against spam. The Directive also grants exemptions from liability for intermediaries that transmit illegal content from third parties and for unknowingly hosting content. The European Commission released a work plan in 2012 to facilitate cross-border online services and to reduce trade barriers.

Key Link:

http://ec.europa.eu/internal_market/e-commerce/directive_en.htm

In July 2003, the EU started applying Value Added Tax (VAT) to sales by non-EU based companies of Electronically Supplied Services (ESS) to EU-based, non-business customers. U.S. companies subject to the rule must collect and submit VAT to EU tax authorities. European Council Directive 2002/38/EC further developed the EU rules for charging VAT. These rules were indefinitely extended following adoption of Directive 2008/8/EC

Those most affected by the 2003 rule change include U.S.-based businesses that sell ESS to EU-based, non-business customers, and those EU-based businesses that sell ESS to customers outside the EU, as they no longer need to charge VAT on these transactions. There are a number of compliance options for businesses. The Directive created a special scheme that simplifies registration with each Member State. The Directive allows companies to register with a single VAT authority of their choice. Companies have to charge different rates of VAT according to where their customers are based, but VAT reports and returns are submitted to just one authority. The VAT authority responsible for providing the single point of registration service is then responsible for reallocating the collected revenue among the other EU VAT authorities.

Key Link: http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm

Trade Promotion and Advertising

[Return to top](#)

Product advertisement in Malta generally occurs via daily newspapers, free door-to-door promotional magazines, billboards, and local television—all of which maintain their own advertising departments.

Malta has six local TV stations and 10 radio stations. A large number of foreign television broadcasts, including several American shows, are available through the cable, digital, or satellite networks. Visit:

<http://tvm.com.mt>
<http://www.nettv.com.mt/>
<http://www.one.com.mt/>
<http://www.smashmalta.com>

Four newspapers are published daily in Malta: two Maltese-language dailies and two English-language dailies. In addition, there are five Sunday publications and another five papers that are published on a weekly basis. Further, there are several online news outlets:

Times of Malta - <http://www.timesofmalta.com>
Malta Independent - <http://www.independent.com.mt>
L-Orizzont (Maltese language) - <http://www.l-orizzont.com/>
Malta Right Now (Maltese language): www.maltarightnow.com
L-Kulhadd (Maltese language): www.kulhadd.com
DI-VE.com: di-ve news - <http://www.di-ve.com>
Maltatoday: www.maltatoday.com.mt
Malta Star: www.maltastar.com

Several specialized trade fairs are held during the year at Malta Fairs and Convention Centre (MFCC). Visit <http://www.mfcc.com.mt/>

American companies who wish to sell to Maltese companies may feature their products or services in the "Featured U.S. Exporters" section of the Embassy's Commercial Section website. Visit: <http://malta.usembassy.gov/com-serviceforus.html>

The two most popular and highly-circulated, free, door-to-door promotional magazines in Malta and Gozo are the following:

<http://www.advertasiaservices.com/vouchermagazine/>
http://www.thebargainmagazine.com/index.php?option=com_content&view=article&id=46&Itemid=62

General EU Legislation

The Commission adopted a Directive, in force since October 1986, to establish minimum and objective criteria regarding truth in advertising. The Directive was amended in October 1997 to include comparative advertising. Under the Directive, misleading advertising is defined as any "advertising which in any way, including its presentation, deceives or is likely to deceive the persons to whom it is addressed or whom it reaches and which, by reason of its deceptive nature, is likely to affect their economic behavior or which for those reasons, injures or is likely to injure a competitor."

Comparative advertising, subject to certain conditions, is defined as "advertising which explicitly or by implication identifies a competitor or goods or services by a competitor." Malta restricts both misleading and comparative advertising.

The EU's Audiovisual Media Services Directive lays down legislation on broadcasting activities allowed within the EU. In 2009, the rules allowing for US-style product placement on television and the three-hour/day maximum of advertising were lifted. However, a 12-minute/hour maximum will remain. Child programming will be subject to a code of conduct that will include a limit of junk food advertising.

Following the adoption of the 1999 Council Directive on the Sale of Consumer Goods and Associated Guarantees, product specifications as laid down in advertising are now considered to be legally binding on the seller. (For additional information on Council Directive 1999/44/EC on the Sale of Consumer Goods and Associated Guarantees, see the Legal Warranties and After-Sales Service section below.)

The EU adopted Directive 2005/29/EC concerning fair business practices in a further attempt to tighten consumer protection rules. These new rules outlaw several aggressive or deceptive marketing practices, including instituting pyramid schemes, holding liquidation sales when a shop is not closing down, and setting artificially high prices as the basis for discounts, in addition to other potentially misleading advertising practices. The Directive also enumerates certain rules on advertising to children.

Key Links:

http://ec.europa.eu/comm/consumers/cons_int/safe_shop/fair_bus_pract/index_en.htm
http://ec.europa.eu/avpolicy/reg/avms/index_en.htm

Medicine

The advertising of medicinal products for human use is regulated by Council Directive 2001/83/EC as amended by Directive 2004/27/EC. Generally speaking, advertising medicinal products is forbidden if market authorization has not yet been granted or if the product in question is a prescription drug. Mentioning therapeutic indications where self-medication is not suitable is not permitted, nor is the distribution of free samples to the general public. The text of an advertisement should be compatible with the characteristics listed on the product label and should encourage rational use of the product. Advertisements for medicinal products destined for professionals should contain essential characteristics of the product as well as its classification. Inducements to prescribe or supply a particular medicinal product are prohibited, and the supply of free samples is restricted.

In 2008, the Commission presented a new framework proposal regarding information dissemination to patients on medicines. The framework—which is still under debate—would allow industries to produce non-promotional information about their medicines while complying with strictly defined rules. The information would be subject to an effective system of control and quality assurance. The debate on the European framework is currently blocked in the member states, however, so the current system in force at the national level remains the Medicinal Products (Advertising) Regulations of 2003 Legal Notice number 400.

Key Link:

http://ec.europa.eu/health/human-use/information-to-patient/index_en.htm

<http://www.medicinesauthority.gov.mt>

Nutrition & Health Claims

On July 1, 2007, a new regulation on nutrition and health claims entered into force. [Regulation 1924/2006](#) sets EU-wide conditions for the use of nutrition claims such as “low fat” or “high in vitamin C” and health claims such as “helps lower cholesterol.” The regulation applies to any food or drink product produced for human consumption that is marketed within the EU. Only foods that fit a certain nutrient profile (below certain salt, sugar, and/or fat levels) will be allowed to carry claims. Nutrition and health claims will only be allowed on food labels if the products are included in one of the EU positive lists. Food products carrying claims must comply with the provisions of [nutritional labeling Directive 90/496/EC](#) and its amended version Directive 1169/2011 on information to consumers mentioned below. In December 2012, a list of approved functional health claims went into effect. The list includes generic claims for substances, excluding botanicals which will be evaluated at a later date. Disease risk reduction claims and claims referring to the health and development of children require authorization on a case-by-case basis following the submission of a scientific dossier to the European Food Safety Authority (EFSA). Health claims based on new scientific data must be submitted to EFSA for evaluation as part of a newly simplified authorization procedure.

The development of nutrient profiles, originally scheduled for January 2009, was delayed due to the 2009 Parliamentary elections and the appointment of a new Commission. Once the profiles are set, food operators will have another two-year period before the nutrient profiles are applied so that they may adapt to comply with the new rules. Under the new nutrient profiles, nutrition claims are allowed to fail one criterion: i.e. if only one

nutrient (salt, sugar, or fat) exceeds the limit of the profile, a producer may still make a claim as long as the high level of that particular nutrient is clearly marked on the label. For example, a yogurt can make a low-fat claim even if it has high sugar content, but only if the label clearly states “high sugar content”. Health claims cannot fail any criteria.

Key Links:

http://ec.europa.eu/food/food/labellingnutrition/claims/index_en.htm

<http://ec.europa.eu/nuhclaims/>

Disease risk reduction claims and claims referring to the health and development of children will require an authorization on a case-by-case basis following the submission of a scientific dossier to EFSA. A simplified authorization procedure has been established for health claims based on new scientific data. [GAIN Report E48055](#) describes how application dossiers for authorization of health claims should be prepared and presented. A guidance document on how companies can apply for health claim authorizations can be downloaded from EFSA’s website at:

http://www.efsa.europa.eu/EFSA/ScientificPanels/NDA/efsa_locale-1178620753812_1178684448831.htm.

Summary Document:

http://www.efsa.europa.eu/cs/BlobServer/Scientific_Opinion/nda_op_ej530_guidance_summary_en.pdf?ssbinary=true

Full Text:

http://www.efsa.europa.eu/cs/BlobServer/Scientific_Opinion/nda_op_ej530_guidance_percent20health_claim_en.pdf,2.pdf?ssbinary=true

Key Link:

http://www.efsa.europa.eu/EFSA/efsa_locale-1178620753812_1178620835814.htm

Food Information to Consumers

In 2011, the EU adopted a new regulation on the provision of food information to consumers ([1169/2011](#)). The new EU labeling requirements will apply from December 13, 2014 forward, except for the mandatory nutrition declaration which will apply from December 13, 2016.

Key link:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:304:0018:0063:EN:PDF>

Food Supplements

[Directive 2002/46/EC](#) harmonizes the rules on food supplement labeling and introduces specific rules for vitamins and minerals in food supplements.

Regulation 1925/2006, applicable as of July 1, 2007, harmonizes rules on the addition of vitamins and minerals to foods. The regulation lists the vitamins and minerals that may be added to foods and sets criteria for establishing minimum and maximum additive levels.

Key Links:

<http://www.fas.usda.gov/posthome/useu/foodsupplements.html>

http://ec.europa.eu/food/food/labellingnutrition/supplements/index_en.htm

Tobacco

The EU Tobacco Advertising Directive bans tobacco advertising in print media, on the radio, and online, and prohibits the sponsorship of cross-border events or activities. Advertising for tobacco in cinemas and on billboards or merchandise is prohibited in Malta. Tobacco advertising on television has been banned in the EU since the early 1990s and is governed by the Audiovisual Media Services Directive. The EU proposed a revision to the Tobacco Products Directive in 2012 which includes using bigger, double-sided health pictorial warnings on cigarette packages; using plain packaging to emphasize health warnings; and implementing tracking systems. In addition, smoking in confined public areas in Malta is prohibited.

Key links:

http://ec.europa.eu/health/index_en.htm

http://ec.europa.eu/health/tobacco/law/advertising/index_en.htm

Pricing

[Return to top](#)

Malta has very limited price control over consumer staples including milk and bread. When pricing a product, firms should consider payment and credit terms. Orders for the Maltese internal market are usually very small by international standards.

Maltese importers generally expect a Cost, Insurance, and Freight (CIF) quotation; however, quotes on a Free on Board (FOB) basis are also acceptable. VAT is 18 percent on most products.

Sales Service/Customer Support

[Return to top](#)

Product labeling

Discrepancies among Member States in product labeling, language use, legal guarantee, and liability inevitably frustrate cross-border shoppers. In order to address these differences, EU institutions have launched a number of initiatives aimed at harmonizing national legislation. Suppliers within and outside the EU should be aware of existing and upcoming legislation affecting sales, service, and customer support.

Product Liability

Under the 1985 Directive on Liability of Defective Products which amended in 1999, the producer is liable for damage caused by a defect in his product. The victim must prove the existence of the defect and a causal link between defect and injury (bodily as well as material). A reduction of manufacturer liability is granted in cases of negligence on the part of the victim.

Key link:

http://ec.europa.eu/consumers/safety/rapex/index_en.htm

Product Safety

The 1992 General Product Safety Directive introduced a general safety requirement at the EU level to ensure that manufacturers only place safe products on the market. It was revised in 2001 to include an obligation that producers and distributors notify the Commission in case of a problem with a given product. The revision outlines provisions for product recall and bans exports of products to third countries that are not deemed safe in the EU. The Directive also created a European Product Safety Network. The legislation is still undergoing review.

Key link: http://ec.europa.eu/consumers/cons_safe/prod_safe/index_en.htm

Legal Warranties and After-sales Service

Under the 1999 Directive on the Sale of Consumer Goods and Associated Guarantees, professional sellers are required to provide a minimum two-year warranty on all consumer goods sold to consumers (natural persons acting for purposes outside their trade, businesses, or professions), as defined by the Directive. The remedies available to consumers in case of non-compliance are:

- repair of the good(s);
- replacement of the good(s);
- a price reduction; or
- rescission of the sales contract.

As of June 2014, Directive 1999/44/EC will be incorporated into the aforementioned Consumer Rights Directive.

Key link:

http://ec.europa.eu/comm/consumers/cons_int/safe_shop/guarantees/index_en.htm

Other issues pertaining to consumer rights and protection, such as the New Approach Directives, CE marking, quality control, and data protection are dealt with in Chapter 5 of this report.

Protecting Your Intellectual Property

[Return to top](#)

Malta has fully incorporated the EU and WTO rules regarding intellectual property into its national law. The following is a summary of EU-related regulations. For additional information, please refer to Chapter 6 – Investment Climate Statement.

Several general principles are important for effective management of intellectual property (IP) rights in Malta. First, it is important to have an overall strategy to protect IP. Second, IP is protected differently in the EU than in the U.S. Third, rights must be registered and enforced in Malta under local laws. Companies may wish to seek advice from local attorneys or IP consultants. The U.S. Commercial Service can provide a list of local lawyers upon request.

There is no such thing as an international copyright that will automatically protect an author's writings throughout the entire world. Protection against unauthorized use in a particular country depends on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions that have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Maltese market.

It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in the EU. It is the responsibility of the rights holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors.

While the U.S. Government is willing to assist, there is little it can do if the rights holders have not taken the fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a lawsuit. In no instance should USG advice be seen as a substitute for the obligation of a rights holder to pursue its case promptly.

It is always advisable to conduct due diligence on partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in the EU require constant attention. Work with legal counsel familiar with local laws to create a solid contract that includes non-compete clauses and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both EU- and U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)
- The National IP Office in Malta within the Commerce Department
(<http://www.ipa.gov.mt/>)

IP Resources

A wealth of information on protecting IPR is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the U.S. and other countries -- call the STOP! Hotline: 1-866-999-HALT or register at www.StopFakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: 1-800-786-9199.
- For more information about registering for copyright protection in the U.S., contact the U.S. Copyright Office at: 1-202-707-5959.
- For U.S. small and medium-size companies, the Department of Commerce offers a "SME IPR Advisory Program" available through the American Bar Association. For details and to register, visit: <http://www.abanet.org/intlaw/intlproj/iprprogram.html>
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries) and the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IPR-infringing products). It allows you to register for Webinars on protecting IPR.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. For contact information, please see: http://www.uspto.gov/ip/global/attache/Attache_Contacts_12-23-11.doc

Copyright

The EU's legislative framework for copyright protection consists of a series of Directives covering areas such as the legal protection of computer programs, the duration of protection of authors' rights and neighboring rights, and the legal protection of databases. Malta has fully implemented the rules into national law, and the Commission is now focused on ensuring that the framework is enforced accurately and consistently across the EU.

The online copyright Directive (2001/29/EC) addresses the problem of protecting rights holders in the online environment while protecting the interests of users, ISPs, and hardware manufacturers. It guarantees authors' exclusive reproduction right—with a single mandatory exception for technical copies (to allow caching) and an exhaustive list of other exceptions. This list is meant to reflect different cultural and legal traditions and includes private copying "on condition right holders receive fair compensation."

Key Link:

http://ec.europa.eu/internal_market/copyright/index_en.html

Patents

EU countries have a "first-to-file" approach to patent applications, as compared to the "first-to-invent" system currently followed in the United States. This makes early filing a top priority for innovative companies. It is not yet possible to file for a single EU-wide patent that would be administered and enforced like the Community Trademark (see below). For the moment, only 13 European Union countries, including Malta, have joined an initiative to create a simplified patent-registration system after other countries blocked an EU-wide agreement. This initiative still needs to win the final approval of the European Parliament and the EU Council. (The other countries forming this initiative are Denmark, Estonia, Finland, France, Germany, Lithuania, Luxembourg, the Netherlands,

Poland, Slovenia, Sweden, and the UK). This initiative will allow individuals to register their patent in any one of the member states included in the group, and the patent will be recognized in all these countries. This will increase efficiency by decreasing costs and streamlining the current system.

Currently the most effective way for a company to secure a patent across a range of EU national markets is to use the services of the European Patent Office (EPO) in Munich. It offers a one-stop-shop that enables rights holders to get a bundle of national patents using a single application. However, these national patents have to be validated, maintained, and litigated separately in each Member State. The Maltese organization responsible for the registration of patents is the Industrial Property Registrations Directorate within the Ministry for Finance, the Economy, and Investment.

Key Links:

http://ec.europa.eu/internal_market/indprop/index_en.htm

<http://www.epo.org/>

http://www.commerce.gov.mt/ipr_patient01.asp

Trademarks

The EU-wide Community Trademark (CTM) can be obtained via a single language application to the Office of Harmonization in the Internal Market (OHIM) in Alicante, Spain. The CTM lasts ten years and is renewable indefinitely. For companies looking to protect trademarks in three or more EU countries the CTM is a more cost-effective option than registering separate national trademarks.

On October 1, 2004, the European Commission (EC) acceded to the World Intellectual Property Organization (WIPO) Madrid Protocol. The accession of the EC to the Madrid Protocol establishes a link between the Madrid Protocol system, administered by WIPO, and the Community Trademark system, administered by OHIM. As of October 1, 2004, Community Trademark applicants and holders are allowed to apply for international protection of their trademarks through filing an international application under the Madrid Protocol. Conversely, holders of international registrations under the Madrid Protocol will be entitled to apply for protection of their trademarks under the Community Trademark system.

Key Links:

<http://oami.europa.eu/>

<http://www.wipo.int/madrid/en>

Designs

The EU adopted a Regulation introducing a single Community system for the protection of designs in December 2001. The Regulation provides for two types of design protection directly applicable in each EU Member State: the registered Community design and the unregistered Community design. Under the registered Community design system, holders of eligible designs can use an inexpensive procedure to register them with the EU's Office for Harmonization in the Internal Market (OHIM), based in Alicante, Spain. They will then be granted exclusive rights to use the designs anywhere in the EU for up to twenty-five years. Unregistered Community designs that meet the Regulation's

requirements are automatically protected for three years from the date of disclosure of the design to the public.

Key Link:

<http://oami.europa.eu/>

Trademark Exhaustion

Within the EU, the rights conferred on trademark holders are subject to the principle of exhaustion. Exhaustion means that once trademark holders have placed their product on the market in one Member State, they lose the right to prevent the resale of that product in another EU country. This has led to an increase in the practice of so called "parallel importing" whereby goods bought in one Member State are sold in another by third parties unaffiliated with the manufacturer. Parallel trade is particularly problematic for the research-based pharmaceutical industry where drug prices vary from country to country due to national price regulation.

Community-wide exhaustion is spelled out in the Directive on Harmonizing Trademark laws. In a paper published in 2003, the Commission indicated that it had no plans to propose changes to existing legal provisions.

Key Link:

http://ec.europa.eu/internal_market/indprop/tm/index_en.htm

Due Diligence

[Return to top](#)

The Embassy can provide background information on companies operating in Malta. American companies may also request information from the Malta Chamber of Commerce, Enterprise, and Industry at <http://www.maltachamber.org.mt/> or from Amcham Malta at <http://www.amcham-malta.org/>.

Full company reports are available from Creditinfo Malta, which is the local representative of Dun & Bradstreet: <http://www.creditinfo.com.mt/>

Product safety testing and certification is mandatory for the EU market. U.S. manufacturers and sellers of goods have to perform due diligence in accordance with mandatory EU legislation prior to exporting.

Local Professional Services

[Return to top](#)

Following are links to some leading local professional organizations:

Malta Federation of Professional Associations: <http://www.mfpa.org.mt/about>

Malta Institute of Accountants: <http://www.miamalta.org/>

Malta Society of Arts, Manufacture & Commerce:
<http://www.artsmalta.org/becomeamember.asp>

Institute of Financial Services – Malta: <http://www.ifsmalta.org/>

Web Resources

[Return to top](#)

<http://malta.usembassy.gov/commercial.html>
<http://www.gov.mt>
<http://www.maltachamber.org.mt>
<http://malta.usembassy.gov/>
<http://www.maltaenterprise.com/>
<http://www.centralbankmalta.com/>
<http://www.mfsa.com.mt/pages/default.aspx>
<http://www.financemalta.org>

EU websites:

Coordination of the laws of the member states relating to self-employed commercial agents (Council Directive 86/653/EEC):

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML>

Agreements of minor importance which do not appreciably restrict competition under Article 81(1) of the Treaty establishing the European Community:

http://eurlex.europa.eu/LexUriServ/site/en/oj/2001/c_368/c_36820011222en00130015.pdf

Directive on Late Payment:

http://ec.europa.eu/enterprise/policies/single-market-goods/files/late_payments/doc/directive_2011_7_en.pdf

European Ombudsman:

<http://www.ombudsman.europa.eu/home/en/default.htm>

EU's General Data Protection Directive (95/46/EC):

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:1995:281:0031:0050:EN:PDF>

Safe Harbor:

<http://www.export.gov/safeharbor/>

Information on contracts for transferring data outside the EU:

http://ec.europa.eu/justice/policies/privacy/modelcontracts/index_en.htm

EU Data Protection Homepage :

http://ec.europa.eu/justice/policies/privacy/index_en.htm

Distance Selling Rules:

http://ec.europa.eu/consumers/cons_int/safe_shop/dist_sell/index_en.htm

Distance Selling of Financial Services:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0065:EN:NOT>

E-commerce Directive (2000/31/EC):

http://ec.europa.eu/internal_market/e-commerce/index_en.htm

VAT on Electronic Service:

http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm

The Unfair Commercial Practices Directive:

http://ec.europa.eu/comm/consumers/cons_int/safe_shop/fair_bU.S._pract/index_en.htm

Information to Patients - Major developments:

http://ec.europa.eu/health/human-use/information-to-patient/legislative-developments_en.htm

Nutrition and health claims made on foods:

[Regulation 1924/2006](#)

Provisions of Nutritional Labeling

Nutritional Labeling Directive 90/496/EC:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:1990:276:0040:0044:EN:PDF>

EU-27 FAIRS EU Country Report on Food and Labeling requirements:

http://gain.fas.usda.gov/Recentpercent20GAINpercent20Publications/Foodpercent20andpercent20Agriculturalpercent20Importpercent20Regulationspercent20andpercent20Standardspercent20-percent20Narrative_Brusselspercent20USEU_EU-27_1-4-2012.pdf

Guidance documents on how companies can apply for health claim authorizations:

Summary document from EFSA

http://www.efsa.europa.eu/cs/BlobServer/Scientific_Opinion/nda_op_ej530_guidance_summary_en.pdf?ssbinary=true

Full document from EFSA

http://www.efsa.europa.eu/cs/BlobServer/Scientific_Opinion/nda_op_ej530_guidance_percent20health_claim_en.pdf,2.pdf?ssbinary=true

Health & Nutrition Claims

http://ec.europa.eu/food/food/labellingnutrition/claims/index_en.htm

Tobacco

http://ec.europa.eu/health/tobacco/policy/index_en.htm

Product Liability:

http://europa.eu/legislation_summaries/consumers/consumer_safety/l32012_en.htm

Product Safety

http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm

Legal Warranties and After-Sales Service:

http://ec.europa.eu/consumers/rights/gen_rights_en.htm

Copyright:

http://ec.europa.eu/internal_market/copyright/documents/documents_en.htm

Harmonization of certain aspects of Copyright and related rights in the Information Society - Copyright Directive (2001/29/EC):

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32001L0029:EN:HTML>

Industrial Property:

http://ec.europa.eu/internal_market/indprop/index_en.htm

European Patent Office (EPO)

<http://www.european-patent-office.org/>

Office for Harmonization in the Internal Market (OHIM)

<http://oami.europa.eu/>

World Intellectual Property Organization (WIPO) Madrid

<http://www.wipo.int/madrid/en>

Directive on harmonizing trademark laws:

http://ec.europa.eu/internal_market/indprop/tm/index_en.htm

U.S. websites:

IPR Toolkit:

<http://export.gov/europeanunion/marketresearch/intellectualpropertyrightssector/index.asp>

EU Public Procurement:

<http://export.gov/europeanunion/marketresearch/eufundingandgovernmentprocurementsectors/index.asp>

Local Professional Services:

http://export.gov/europeanunion/eg_eu_030910.asp .

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 4: Leading Sectors for U.S. Export and Investment

- [Agricultural Sector](#)

Commercial Sectors

- [Computer Peripherals/Information Services/Electronic Commerce](#)
- [Energy – Electrical Power Systems and Equipment/ Renewable Energy](#)
- [Franchising \(FRI\)](#)
- [Financial Services](#)

Agricultural Sectors

[Return to top](#)

Malta uses U.S. red winter wheat and soft wheat for the production of traditional Maltese bread. U.S. suppliers of wheat should continue to take advantage of this demand.

The Kordin Grain Terminal is centrally located for handling, storage, and transshipment of all types of free-flowing grains, such as wheat, corn, and barley. It offers services including direct ship-to-ship transfer, recycling, fumigation, and temperature monitoring.

Malta is also a substantial importer of timber and timber products—most notably American Oak—for use by the local wood manufacturing industry. Increased importation of U.S. hard and softwoods by Italy should translate to market growth in Malta as well.

Now that Malta is a member of the European Union, access to its market is harmonized with other EU member states. US products exported to the EU market should be considered for the Maltese market. The Maltese have a unique palate formed by the intersection of their Mediterranean location and British historical connection. Maltese supermarkets are filled with a range of products and brands from neighboring Italy. Some of the products most likely to succeed include tree nut snacks, beers, pet foods, and savory snacks of all kinds. The constraints that new entrants will face include strong competition from established brands, particularly British labels, and price competition.

Resources

[Return to top](#)

U.S. Embassy, Italy—Foreign Agricultural Service:

<http://italy.usembassy.gov/agtrade.html>

Commercial Sectors

[Return to top](#)

The Showcase Europe program run by the U.S. Department of Commerce's offices throughout Europe provides U.S. exporters a broader perspective on the European market. It is organized around eight leading sectors (listed alphabetically): aerospace & defense, automotive, energy & power generation, environmental technologies, information & communications technologies, medical & pharmaceutical, safety & security, and travel & tourism. For more information on which show in Europe would be most appropriate for your company, please visit:

<http://export.gov/europe/tradeevents/index.asp> .

Communications Services (CES); Computers/Peripherals (CPT); Information Services (INF); Electronic Commerce (ELC)

[Return to top](#)

Overview

[Return to top](#)

Malta has made great strides in developing an information society. In 2000, only 28 percent of Malta's population had mobile phones compared to 128.6 percent in 2012. This means that a considerable number of individuals now have more than one mobile account. In 2002, only 38 percent of Maltese households had a desktop computer; now the figure is above 76 percent (2011). Broadband subscription continues to grow in the EU, and Malta scored above the EU average with 67 percent of total households having broadband Internet. Indeed the number of broadband internet subscriptions almost tripled from 41,551 in 2005 to 107,645 in mid-2011. Malta has also been particularly active in developing e-government services.

Under the Vertical Strategic Alliance (VSA) program, the Ministry for Investment, Industry, and Information Technology (MIIT) joined with leading global ICT players to promote far-reaching education and assistance to industry programs. The Maltese government entered into VSAs with Microsoft Corporation, HP, Oracle, IBM, SAP, and ESRI. According to MIIT, the estimated overall value of the investment made by these corporations in these VSAs exceeds €100 million.

There are a considerable number of ICT Investment projects set up in Malta. The single largest was the development of SmartCity Malta, a \$300 million project undertaken by TECOM Investments, a subsidiary of Dubai Holdings. By 2021, it is expected to generate 5,600 jobs and serve as a regional ICT service hub, transforming Malta into a global ICT leader.

Vision 2015 and Beyond identifies seven main sectors which the Government of Malta believes can and should be the main thrusts of future economic activity for the country. The ICT industry is expected to be one of the seven leading sectors in the Maltese economy.

Best Prospects/Services

[Return to top](#)

By the end of 2013, Malta expects to see 4000 new jobs created in the ICT sector, 200 new ICT companies established, and 15 new Vertical Strategic Alliances signed by the government. Malta would therefore welcome ties with U.S ICT companies and other leaders in the field for the delivery of value added programs and initiatives. The focus of the VSAs is to invest in ICT education and specialized fields, and to help Maltese SMEs acquire knowledge, research, and marketing skills.

Opportunities

[Return to top](#)

Opportunities exist for U.S. suppliers of products/services in the e-business and e-commerce fields. The Maltese ICT sector needs assistance in the ever-growing software support and process management sectors. Opportunities also exist for ICT research, intelligence, and data-monitoring organizations that might be interested in setting up regional operation centers in Malta. The focus on the local ICT sector will also increase local demand for highly specialized staff. As a result, there are great opportunities for U.S. companies in the ICT training and human resources fields.

Resources

[Return to top](#)

Malta Communications Authority (regulatory agency):

<http://www.mca.org.mt/>

Ministry for the Economy, Investment and Small Business:

<https://meib.gov.mt>

Malta Information Technology Agency:

<https://www.mita.gov.mt/>

Smart City Malta:

<http://malta.smartcity.ae/>

Energy – Electrical Power Systems and Equipment (ELP); Renewable Energy (REQ)

[Return to top](#)

Overview

[Return to top](#)

The annual consumption of electricity in Malta is less than 2,500 GWh. However, with the increase in the tourist and domestic base, the demand for electrical generation is going to continue to increase.

Best Prospects/Services

[Return to top](#)

In April 2012, the Ministry for Energy and the Conservation of Water (MECW) along with Enemalta, the government-owned energy production and distribution company, issued a request for Expressions of Interest (EoI) for a long-term Power Purchase Agreement and Gas Supply Agreement which will govern the supply of electricity and natural gas to Enemalta. The Agreements are projected to come into force in the spring of 2015. The Agreements will specify terms for the capacity and availability of the gas and power supply infrastructure and the volume of gas and power to be delivered.

For the last 10 years, consumption of electricity on the Maltese Islands has steadily increased, except during the period of economic contraction between 2008 and 2010. Projections predict that the Maltese economy will continue to grow, which in turn is expected to increase demand for electricity.

Malta is currently completely dependent upon imported fuel oil which is generally combusted in old, low-efficiency plants. This process results in high marginal costs for power generation on the islands. In addition, Malta is required by European Union regulations to implement directives related to combustion emissions.

The GOM has already undertaken action to address these issues, including commissioning a 150 MW heavy-fuel oil-fired power station at Delimara and a 200MW HVAC interconnector to Sicily, which is due to be completed in 2014. The Government of Malta also plans to decommission the old Marsa Power Station as well as the older steam turbines at Delimara. Furthermore, the Government will award a contract to convert the Delimara power station to Liquefied Natural Gas by the end of 2013 and expects to further reduce tariffs by 25% for residential properties..

Once the new generating plant is completed the Government of Malta will be able to decommission the older oil-fired Delimara steam turbine generators. For the immediate future, Phase 2 of the Delimara Power Station will remain oil fired as will some Open Circuit Gas Turbines as a back-up power supply.

Opportunities

[Return to top](#)

U.S. suppliers of power plant generation and distribution equipment are well positioned to supply some or all of the additional equipment required. Investment in the new power generation plant itself is also a possibility. Suppliers of fuel and other chemical by-products also stand to benefit from the project.

Malta has not yet used renewable energy technology products besides solar power, although it has studied several possibilities. Increases in energy costs worldwide have given new impetus to this work since Malta imports all of its energy. The GOM is continuing to explore additional possibilities for solar power generation. U.S. suppliers of this type of equipment may therefore find opportunities in Malta.

Resources

[Return to top](#)

Malta Resources Authority:

<http://www.mra.org.mt/>

Enemalta Corporation:

<http://www.enemalta.com.mt/>

Ministry for Energy and the Conservation of Water:

<http://www.mecw.gov.mt/>

Aviation Industry

[Return to top](#)

Overview

[Return to top](#)

Historically Malta has been a hub of maritime activity in the Mediterranean. The country is now seeking to expand this “hub” concept by building up the aviation sector, further solidifying its maritime strengths, and increasing opportunities on the island.

During recent years, Malta has witnessed growth in its aviation industry, which has attracted internationally renowned entities to the island. As part of its economic development strategy, Malta is supporting diverse sectors in the aviation industry, including maintenance, repair, and overhaul (MRO) operations; back-office setups; R&D; and the production of aircraft parts.

The Government recently inaugurated the Safi Aviation Park, a €17 million project that is set to pave the way for the aviation and aerospace industry to continue flourishing. In addition, as well as in Malta's attractive aviation register which offers a solid regulatory framework, including that for Air Operator Certificates, coupled with a pro-business approach.

Best Prospects/Services

[Return to top](#)

The GOM has incorporated this focus on the aviation industry as part of its national strategy to promote Malta as a “one-off destination.” Recently revamped rules and legislative regulations have introduced a number of novel concepts that aim to enhance not only aircraft registration, but also other sectors within the industry. The country has embarked on an ambitious project to establish one of the largest aircraft registers in the world. As of mid-January 2012, 104 aircraft were listed on Malta's register pursuant to the new Aircraft Registration Act of 2010. The legislation, which recently entered into force, implements both the Cape Town Convention on International Interests in Mobile Equipment and the Aircraft Protocol.

The primary aim of the recent enactment is to make Malta an attractive jurisdiction for both private and commercial aircraft registration within Europe, while also ensuring full adherence to the restrictions imposed by EU law on the registration and ownership of aircraft within the EU.

Newly Introduced Concepts include:

- Recognition of fractional ownership of aircraft – ensuring partial owners are listed as such, thereby protecting their rights
- Registration of aircraft under construction as soon as it is uniquely identifiable
- Broadening of registration possibilities for non-air service aircraft
- Possibility to register mortgages on Malta-registered aircraft in the international register in terms of the Aircraft Protocol to the Cape Town Convention on International Interests in Mobile Equipment

Opportunities

[Return to top](#)

Complementing the aircraft registration regime, Malta has also introduced specific provisions with regard to the taxation of aviation income. Income from the ownership, leasing, or operation of an aircraft or aircraft engine used for or employed in the international transport of passengers or goods is deemed to be earned outside of Malta. This could lead to nil tax leakage in Malta when applied to persons resident but not domiciled in Malta. The specific provisions also provide for accelerated depreciation—six years for aircraft airframe, engine, and overhaul, and four years for aircraft interiors and other parts-together with an exemption from the application of fringe benefit rules on income.

Furthermore, anyone leasing an aircraft carried by Maltese companies (along with performing other aviation-related activities) would be entitled to benefit from the standard corporate tax rate and refund structure available in Malta. Further, taxes on the distribution of dividends or interest payments outside of Malta would not be withheld.

Resources

[Return to top](#)

Transport Malta:

<http://www.transport.gov.mt/aviation/>

Ministry for Transport and Infrastructure:

<http://www.mti.gov.mt/>

Maritime Industry

[Return to top](#)

Overview

[Return to top](#)

The government aims to create an environment conducive to strengthening Malta's maritime industry. The current government has committed itself to reinforce marinas and berthing facilities and to encourage supporting industries to provide direct or indirect services such as marine supplies and even hospitality facilities. With the strategic location of the island between Europe, North Africa, and the Middle East, Malta has established itself as a leading maritime center offering an array of services and facilities to the marine industry. In addition to taking advantage of Malta's natural facilities such as the numerous deep, protected harbors dotted around the island, over the years the country has updated the quality and level of supporting services to continue developing the maritime industry in Malta.

Significant investment has been undertaken to upgrade and develop marine facilities and infrastructure. These include the construction of the Malta Freeport, Malta Oil Tanking, Malta Super Yacht Services facilities, various yacht marinas, the upgrading of the Malta Dry Docks, and the development of a luxury cruise liner terminal, together with the overall regeneration of the port areas. This investment has also been in line with the growth in tonnage and reputation of the Malta flag.

The Malta register continues to be a great success. Since its launch in the early 1970s, the register has grown to be one of the largest marine registers in Europe and is in the top ten worldwide. This growth has been fuelled not only by the excellent infrastructure and facilities available, but also by the number of shipping agents and professionals operating within a versatile and well-regulated maritime legal framework. In addition to being party to numerous international conventions and regulations regarding use of the

Sea and continental shelf, Malta is on the White List of the Paris Memorandum of Understanding on Port State Control. This means that ships flying the Malta Flag are less likely to be detained in ports for breach of international conventions.

The Malta flag administration's policy is clear: guarantee "quality shipping and ensure that ships with a poor detention or safety and marine pollution record do not operate under the Malta flag." The Malta registry continues to grow, and the average age of its vessels continually decreases. Currently it stands at 12.78 years. The incentives offered to use younger vessels and the seriousness with which the flag administration is carrying out Flag State Inspections has contributed greatly to Malta's continuing presence on the Paris MOU White List, which subsequently attracts blue chip shipping companies to the island.

Best Prospects/Services

[Return to top](#)

The priority of the Malta register is not tonnage but rather hosting reliable and safe vessels which do not pollute the sea or harm marine life. A robust legal framework and firm registration criteria in line with EU Directives and IMO conventions have fuelled the growth in reputation and integrity of the Malta register.

The advantages of having a Maltese Flag include:

- Exemption from Maltese income tax on the income that is derived from shipping activities of Maltese vessels of 1,000 net tons and over
- Exemption from duty on documents on the sale or transfer of a Maltese vessel of 1,000 tons and over
- Exemption from duty on documents on the allotment or transfer of shares in Maltese companies
- Exemption from income tax, donation, and succession duty, in respect to Maltese vessels under 1,000 net tons subject to certain conditions
- Reasonable incorporation and registration costs
- No trading restrictions imposed on Maltese registered vessels
- No restrictions on the nationality of the master, officers, and crew serving on Maltese vessels

Opportunities

[Return to top](#)

Ship Registration

The registration of a ship under the Maltese flag is regulated by Transport Malta and is open to vessels owned by Maltese and non-Maltese nationals. Vessels under construction may also be registered. Vessels are initially registered on a provisional basis valid for six months pending the completion of the necessary formalities to attain permanent registration. A permanent registration certificate is released following the submission of documents that include a builder's certificate, international tonnage certificate (where applicable), proof of title, and a survey report. All registered vessels are required to obtain a Radio Ship Station license.

It is also possible to register vessels in Malta under bareboat charter subject to certain documentary evidence. This includes a declaration of bareboat charter supported by the

charter agreement, an extract of the underlying registration, and a copy of the ship's certificate of international tonnage.

Fiscal tax advantages are available to qualifying shipping activities, including the ownership, operation, administration, and management of ships.

Yacht registration

Yacht registration under the Maltese Flag is available to Maltese and EU nationals, companies incorporated in Malta or in the EU, and non-EU bodies of persons. A Maltese registered company is the ideal structure for yacht registration in Malta. When the yacht owner is not a resident of Malta, it is necessary to appoint a resident agent. There are no restrictions on the nationality of the master, crew, and officers.

The Maltese VAT legislation contains rules which provide an opportunity for a reduction on the VAT impact when vessels are under finance lease arrangements. These opportunities are only available when the yacht is owned by a Maltese-registered company and provided that the lease agreement is for a period not exceeding three years. The benefit arises from a reduced rate of VAT payable in Malta on the acquisition of the yacht by the Maltese company and depends on the type of vessel and its deemed use in the EU. The effective rate of Maltese VAT varies from 5.4 percent to 16.2 percent, resulting in VAT savings from 1.8 percent to 12.6 percent. The lease agreement must provide a purchase option at the end of the lease, and the agreement requires the approval of the VAT office in Malta.

Commercial Yacht registration

The registration of a commercial yacht in Malta produces a number of benefits, including tax benefits and VAT exemptions. Registration requires the submission of a number of documents, including a more detailed survey (specific to this kind of registration). In this instance, a provisional license is issued initially which then becomes formalized upon the presentation of the required documents.

The exemptions offered under Maltese fiscal law include an exemption from VAT on the importation or supply of vessels used for navigation on the high seas, the transport of passengers under commercial activities, and the supply of services consisting of the hiring, leasing, chartering, modification, or maintenance of vessels. The Maltese tax refund system is of particular relevance to Maltese-registered companies established by non-residents for the operation of commercial yachts.

Resources

[Return to top](#)

Transport Malta:

<http://www.transport.gov.mt/ports-marinas>

<http://www.transport.gov.mt/ship-registration>

<http://www.transport.gov.mt/superyacht-registration>

Ministry for Transport and Infrastructure:

<http://www.mti.gov.mt/>

Franchising (FRI)

Overview

[Return to top](#)

U.S. companies are leaders in franchising in Malta. Several large American companies such as McDonald's, Pizza Hut, and Hard Rock Café are present in Malta. Franchising by U.S. companies has thus far been limited to restaurants such as these, but many other areas remain untapped.

Opportunities

[Return to top](#)

There are still good opportunities for U.S. franchises. Many franchisors with widely recognized names, like Starbucks, Ruby Tuesday, Domino's Pizza, Applebee's, Häagen Dazs and Dunkin' Donuts are not operating in Malta.

Other areas that might offer promising opportunities to U.S. franchisors include clothing, do-it-yourself stores, and training for the business sector, such as entrepreneurial and management training, advanced computer training, and other training involving technology communications and electronics.

Resources

[Return to top](#)

U.S. Embassy's Commercial Section:
<http://malta.usembassy.gov/commercial.html>

Financial Services (FNS)

Overview

[Return to top](#)

The Maltese financial services sector is the fastest growing sector of the economy. Its direct and indirect contribution to the economy in 2012 was over €1 billion, representing over 12 percent of total GDP. In addition, the sector employs over 10,000 people.

The government's commitment to sustained development of this sector is evidenced by Malta's comprehensive package of laws which regulates the provision of financial services and provides a favorable legal and regulatory framework for the provision of such services. The legislation adheres to EU standards and codes, as well as those of most other international frameworks, and it is enforced by the Malta Financial Service Authority (MFSA). Malta has gained international recognition as a world class center that has attracted blue chip banks, fund managers, investment houses, and professional practices from the USA, UK, Germany, Austria, and Switzerland.

The net asset value of funds domiciled in Malta as of December 31, 2012, was approximately €10 billion, with approximately 500 collective investment schemes registered and licensed by the Malta Financial Services Authority (MFSA). Furthermore, as of the end of 2012 MFSA had licensed a total of 113 investment services, while 50 credit and financial institutions had been licensed.

The Companies Act provides for the establishment of investment companies with variable share capital and companies with share capital denominated in a foreign currency. Nominee shareholding is allowed both for local and foreign companies. The Investment Services Act regulates the entire range of investment business in Malta.

Opportunities

[Return to top](#)

Opportunities exist in the areas of trade finance, group marketing of regional business activities (typical representative office), regional private banking business activities, trust business, investment banking and advice, venture capital banking, captive insurance, fund management and custody service, private pension funds, and all types of outsourcing and coordination services, such as accounting and administration, insurance management, fund administration, and electronic payments systems.

Resources

[Return to top](#)

Malta Financial Services Authority:
<http://www.mfsa.com.mt/mfsa/default.asp>
Finance Malta:
www.financemalta.org

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 5: Trade Regulations, Customs, and Standards

- [Import Tariffs](#)
- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
- [Customs Regulations and Contact Information](#)
- [Standards](#)
- [Trade Agreements](#)
- [Web Resources](#)

Import Tariffs

[Return to top](#)

As a full EU member, Malta imposes customs tariffs on imports from non-EU countries. Rates of duties can be found in the Import Duties Act, which may be accessed at:

<http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=8810&l=1>

Malta also applies EU trade policy, such as enacting anti-dumping or anti-subsidy measures.

The importer is also liable to pay Value Added Tax (VAT) which, in most cases is assessed at 18 percent. Further information and details are contained in the Value Added Tax Act. This document is accessible at:

<http://www.vat.gov.mt/vat.aspx>

<http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=8872&l=1>

Trade Barriers

[Return to top](#)

For information on existing trade barriers, please see the National Trade Estimate Report on Foreign Trade Barriers, published by USTR and available through the following website:

<http://www.ustr.gov/about-us/press-office/reports-and-publications/2012-1>

Information on agricultural trade barriers can be found at the following websites:

<http://www.fas.usda.gov/posthome/useu/>

http://www.ustr.gov/webfm_send/3324

To report existing or new trade barriers and gain assistance in removing them, contact either the Trade Compliance Center at <http://www.trade.gov/tcc> or the U.S. Embassy in Malta at <http://malta.usembassy.gov/business.html>.

Most imports into Malta do not require an import license. However, in conformity with EU regulations, U.S. exporters may encounter the need for one or more of the following:

- Common Agricultural Policy (CAP) Licenses. These are usually needed for foodstuffs, whether imported as raw materials or processed goods. These licenses are processed and controlled by the Ministry of Sustainable Development, the Environment, and Climate Change.
- Trade Services Division (DTI) Licenses. These could be needed for any type of product. Such licenses are normally required for the importation of firearms and nuclear materials, but licenses may also be needed for other items. The Trade Services Division also issues import licenses for quotas. This office is part of the Ministry for the Economy, Investment, and Small Business.
- Certificate of Veterinary Clearance (CVC) processed by the Ministry of Sustainable Development, the Environment, and Climate Change. Goods such as meat, poultry, milk, eggs, sausage skins, and fishery products are required to undergo veterinary health checks at a Border Inspection Post (BIP) upon arrival in Malta. In addition to the veterinary documents required by the BIP, a Certificate of Veterinary Clearance (CVC) issued by the BIP is normally required to obtain Customs clearance. Rabies-susceptible animals require a national import license. All plants intended for growing, as well as a range of fruits, vegetables, and other plant products, must be accompanied by a plant health certificate and/or import license. Endangered species and their products need specific permits or other documentation to be legally imported.
- European Union License. The import of certain ozone-depleting substances (ODS) and products that contain them is either prohibited or requires an import license issued by the EU.

Key links:

<http://www.msdec.gov.mt/>

<http://www.meib.gov.mt/>

<http://www.businessfirst.com.mt/en>

<http://www.commerce.gov.mt/>

Import Requirements and Documentation

[Return to top](#)

The Integrated Tariff of the Community, referred to as TARIC (Tarif Intégré de la Communauté), compiles various rules applying to specific products being imported into the customs territory of the EU and in some cases those exported from it. To determine if a license is required for a particular product, check the TARIC.

The TARIC can be searched by country of origin, Harmonized System (HS) Code, and product description on the interactive website of the Directorate-General for Taxation and the Customs Union. The online TARIC is updated daily.

Key Link:

http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm

Further information can also be found at the U.S. Commerce Department's Market Research Library, available from: <http://www.export.gov/mrktresearch/index.asp>.

Import Documentation

The Single Administrative Document

The official model for written declarations to customs is the Single Administrative Document (SAD). Goods brought into the EU customs territory are subject to customs supervision from the time of their entry until customs formalities are completed. Goods are covered by a Summary Declaration which is filed once the items have been presented to customs officials. The customs authorities may allot a period of time for filing the Declaration, though it cannot be beyond the first working day following the day on which the goods were presented to customs.

The Summary Declaration is filed by:

- the person who brought the goods into the customs territory of the Community or by any person who assumes responsibility for carriage of the goods following such entry; or
- the person in whose name the person referred to above acted.

The Summary Declaration can be made on a form provided by the customs authorities. However, customs authorities may also allow the use of any commercial or official document that contains the specific information required to identify the goods. The SAD serves as the EU importer's declaration. It encompasses both customs duties and VAT and is valid in all EU Member States. The declaration is made by whoever is clearing the goods, normally the importer of record or his/her agent.

European Free Trade Association (EFTA) countries including Norway, Iceland, Switzerland, and Liechtenstein also use the SAD. Information on import/export forms is contained in Council Regulation (EEC) No. 2454/93, which lays down provisions for the implementation of the Community Customs Code (Articles 205 through 221). Articles 222-224 provide for computerized customs declarations, and Articles 225-229 provide for oral declarations.

More information on the SAD can be found at:

http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/sad/

Non-EU goods presented to customs must be assigned a customs-approved treatment or use authorized for such non-Community goods. Where goods are covered by a summary declaration, the formalities for them to be assigned a customs-approved treatment or use must be carried out:

- 45 days from the date on which the summary declaration is lodged in the case of goods carried by sea;
- 20 days from the date on which the summary declaration is lodged in the case of goods carried other than by sea.

Where circumstances so warrant, the customs authorities may set a shorter period or authorize an extension.

The Modernized Customs Code (MCC) of the European Union was expected to be fully in place by June 2013, however the European Parliament voted to postpone the

implementation of the customs code until 2016 since current economic conditions and difficulties in ensuring compliance with the Lisbon Treaty have made the 2013 unrealistic. Some facets of the MCC have already been implemented, including EU-wide Economic Operators Registration and Identification (EORI) numbers. The MCC replaces existing Regulation 2913/92 and simplifies various procedures by introducing a paperless environment, centralized clearance, and more. Check the EU's Customs website periodically for updates:

http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/community_code/index_en.htm

New U.S. - EU Mutual Recognition Arrangement (MRA)

Since 1997, the U.S. and the EU have had an [agreement](#) on customs cooperation and mutual assistance in customs matters. For additional information, please see http://ec.europa.eu/taxation_customs/customs/policy_issues/international_customs_agreements/usa/index_en.htm

In 2012, the U.S. and the EU signed a new Mutual Recognition Arrangement (MRA) aimed at streamlining procedures to coordinate one another's customs identification numbers. The MCC introduced the Authorized Economic Operator (AEO) program (known as the "security amendment"). This is similar to the U.S.'s voluntary Customs-Trade Partnership Against Terrorism (C-TPAT) program in which participants receive certification as a "trusted" trader. AEO certification issued by a national customs authority is recognized by all member states' customs agencies. An AEO is entitled to two different types of authorization: "customs simplification" or "security and safety." The former allows for an AEO to benefit from simplifications related to customs legislation, while the latter allows for facilitation through security and safety procedures. Shipping to a trader with AEO status could facilitate an exporter's trade, as its benefits include expedited processing of shipments, reduced theft/losses, reduced data requirements, lower inspection costs, and enhanced loyalty and recognition.

The U.S. and the EU recognize each other's security-certified operators and will favorably take into account the respective membership status of certified trusted traders to the extent possible. The favorable treatment provided by mutual recognition will result in lower costs, simplified procedures, and greater predictability for transatlantic business activities. The newly signed arrangement officially recognizes the compatibility of AEO and C-TPAT programs, thereby facilitating faster and more secure trade between U.S. and EU operators. The agreement is being implemented in two phases. The first commenced in July 2012 when U.S. customs authorities began placing shipments from EU AEO members in a lower risk category. The second phase will take place in 2013, when the EU will re-classify shipments coming from C-TPAT members into a lower risk category. The U.S. customs identification numbers (MID) will now be recognized by customs authorities in the EU, as per Implementing Regulation 58/2013 (which amends EU Regulation 2454/93 cited above):

http://ec.europa.eu/taxation_customs/resources/documents/customs/procedural_aspects/general/implementing_regulation_58_2013_en.pdf

Additional information on the MRA can be found at:

http://www.cbp.gov/linkhandler/cgov/trade/cargo_security/ctpat/ctpat_program_information/international_efforts/eu_faq.ctt/eu_faq.pdf

Batteries

EU battery rules changed in September 2006 following the publication of the Directive on batteries and accumulators and waste batteries and accumulators (Directive 2006/66). This Directive replaces the original Battery Directive of 1991 (Directive 91/157). The 2006 Directive applies to all batteries and accumulators put on the EU market, including automotive, industrial, and portable batteries. It aims to protect the environment by restricting the sale of batteries and accumulators that contain mercury or cadmium (with an exemption for those used in emergency and alarm systems, medical equipment, and cordless power tools) and by promoting a high level of collection and recycling. It places the responsibility on producers to finance the costs associated with the collection, treatment, and recycling of used batteries and accumulators. The Directive also includes provisions on the labeling of batteries and their removability from equipment.

For more information, see our market research report:

http://www.buyusainfo.net/docs/x_4062262.pdf

REACH

"Registration, Evaluation, Authorization and Restriction of Chemicals" (REACH), is the system for controlling chemicals in the EU which came into force in 2007 (Regulation 1907/2006). Virtually every industrial sector, from automobiles to textiles, is affected by the new policy. REACH requires chemicals produced or imported into the EU in volumes above one ton per year to be registered in a central database handled by the European Chemicals Agency (ECHA). The database includes information on chemicals' properties, uses, and safe ways of handling them. The most recent registration deadline was May 31, 2013, and the next will be in 2018: <http://echa.europa.eu/web/guest/reach-2013>. U.S. companies without a presence in Europe cannot register directly and must have their chemicals registered through their importer or EU-based "Only Representative of Non-EU Manufacturer." A list of Only Representatives (ORs) can be found on the website of the U.S. Mission to the EU: <http://export.gov/europeanunion/reachclp/index.asp>.

Material Safety Data Sheets (MSDS) must be updated to be compliant with REACH. For more information, see the guidance on the compilation of safety data sheets:

http://echa.europa.eu/documents/10162/17235/sds_en.pdf

U.S. exporters to the EU should carefully consider the REACH Candidate List of substances of very high concern (SVHCs) and the Authorization List. Substances on the Candidate List are subject to communication requirements, and at a later stage may require authorization for the EU market. Companies seeking to export products containing substances on the Authorization List will require an authorization.

The Candidate List can be found at: <http://echa.europa.eu/web/guest/candidate-list-table>.

The Authorization List is available at <http://echa.europa.eu/addressing-chemicals-of-concern/authorisation/recommendation-for-inclusion-in-the-authorisation-list/authorisation-list>

Other resources:

<http://www.mccaa.org.mt/en/regulatory-affairs-directorate>

WEEE DIRECTIVE

EU rules on Waste Electrical and Electronic Equipment (WEEE), while not requiring specific customs or import paperwork, may entail a financial obligation for U.S. exporters. They require U.S. exporters to register products with a national WEEE authority or arrange for this to be done by a local partner. The WEEE Directive is currently being revised; U.S. exporters seeking more information on WEEE and RoHS regulations should visit: <http://export.gov/europeanunion/weeerohs/index.asp>.

RoHS

The RoHS Directive imposes restrictions on the use of certain chemicals in electrical and electronic equipment. It does not require specific customs or import paperwork; however, manufacturers must self-certify that their products are compliant. The Directive was revised in 2011 and entered into force on January 2, 2013.

One important change with immediate effect is that RoHS is now a CE marking Directive. The revised Directive will expand the scope of products covered during a transition period through July 22, 2019. Once this transition period ends, the Directive will apply to medical devices, monitoring and control equipment, in addition to all other electrical and electronic equipment.

For more information on products covered by the legislation, substances banned in electrical and electronic equipment, and the possibility to request exemptions, see: <http://export.gov/europeanunion/weeerohs/rohsinformation/index.asp>

Cosmetics Regulation

On November 30, 2009, the EU adopted a new regulation on cosmetic products which will apply beginning July 11, 2013. The new law introduces an EU-wide system for the notification of cosmetic products and requires that companies without a physical presence in the EU appoint an EU-based representative.

In addition, on March 11, 2013, the EU imposed a ban on the sale of products that contain ingredients that have been subject to animal testing. This ban does not apply retroactively but does capture new ingredients. In March 2013, the Commission published a communication stating that this ban would not apply to ingredients where safety data was obtained from testing required under other EU legislation if they did not have a cosmetic purpose. For more information on animal testing, see: <http://ec.europa.eu/consumers/sectors/cosmetics/animal-testing>

For more information, see:

http://export.gov/europeanunion/accessingeumarketsinkeyindustrysectors/eg_eu_044318.asp

Links:

<http://www.mccaa.org.mt/en/regulatory-affairs-directorate>

Agricultural Documentation

Phytosanitary Certificates: Phytosanitary certificates are required for most fresh fruits, vegetables, and other plant materials.

Sanitary Certificates: For commodities composed of animal products or by-products, EU countries require that shipments be accompanied by a certificate issued by the competent authority of the exporting country. This applies regardless of whether the product is for human consumption, for pharmaceutical use, or strictly for non-human use (e.g., veterinary biologicals, animal feeds, fertilizers, research). The vast majority of these certificates are uniform throughout the EU, but the harmonization process is not complete. During this transition period, certain member state import requirements continue to apply. In addition to the legally required EU health certificates, a number of other certificates are used in international trade. These certificates, which may also be harmonized by EU legislation, certify place of origin for customs purposes as well as certain quality attributes. Up-to-date information on harmonized import requirements can be found at the following website:

<http://www.fas.usda.gov/posthome/Useu/certificates-overview.html>

Sanitary Certificates (Fisheries)

In April 2006, the European Union declared the U.S. seafood inspection system to be equivalent to its European counterpart. Consequently, a specific public health certificate must accompany U.S. seafood shipments. Commission Decision 2006/199/EC lays down specific conditions on the importation of U.S. fishery products. Conversely, the U.S. shellfish sanitation system is not considered to be equivalent to that of the EU. The EU and the U.S. are currently negotiating a veterinary equivalency agreement on shellfish. In the meantime, the EU still has a ban in place (since July 1, 2010), that prohibits the import of U.S. bivalve mollusks, in whatever form, into EU territory. This ban does not apply to wild roe-off scallops.

In addition to sanitary certificates, all third countries wishing to export fishery products to the EU are requested to provide a catch certificate. This catch certificate certifies that the products in question have been caught legally.

For detailed information on import documentation for seafood, please contact the NOAA Fisheries office at the U.S. Mission to the EU (stephane.vrignaud@mail.doc.gov) or visit the following NOAA-dedicated web site:

http://www.seafood.nmfs.noaa.gov/EU_Export.html

U.S. Export Controls

[Return to top](#)

The U.S. Department of Commerce's Bureau of Industry and Security is responsible for implementing and enforcing the Export Administration Regulations (EAR) that regulate the export and re-export of commercial items, including "production" and "development" technology.

The Government of Malta controls the export of military and dual-use items and technology in line with international regimes to combat the proliferation of weapons of mass destruction. A full list of dual-use items can be found on the following site:

http://www.commerce.gov.mt/trade_dualitems.asp

The items that BIS regulates are often referred to as "dual use" since they have both commercial and military applications. Further information on export controls is available at: <http://www.bis.doc.gov/licensing/exportingbasics.htm>

BIS has developed a list of "red flags," or warning signs, intended to help inspectors discover possible violations of the EAR. These are posted at: <http://www.bis.doc.gov/enforcement/redflags.htm>

Also, BIS has "Know Your Customer" guidance at: <http://www.bis.doc.gov/Enforcement/knowcust.htm>

If there is reason to believe a violation is taking place or has occurred, report it to the Department of Commerce by calling the 24-hour hotline at 1(800) 424-2980, or via the confidential lead page at: <https://www.bis.doc.gov/forms/eeleadsntips.html>

The EAR does not control all goods, services, and technologies. Other U.S. government agencies regulate more specialized exports. For example, the U.S. Department of State has authority over defense articles and services. A list of other agencies involved in export control can be found on the BIS web.

It is important to note that in August 2009, the President directed a broad-based interagency review of the U.S. export control system in order to strengthen national security and the competitiveness of key U.S. manufacturing and technology sectors by focusing on current threats, as well as adapting to the changing economic and technological landscape. As a result, the Administration launched the Export Control Reform Initiative (ECR Initiative) which is designed to enhance U.S. national security and strengthen the United States' ability to counter threats such as the proliferation of weapons of mass destruction.

The Administration is implementing the reform in three phases. Phases I and II reconcile various definitions, regulations, and policies for export controls, all the while building toward Phase III which will create a single control list, single licensing agency, unified information technology system, and enforcement coordination center.

For additional information on ECR see: <http://export.gov/ecr/index.asp>

BIS provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars and focus on the basics of exporting, as well as more advanced topics. A list of upcoming seminars can be found at: <https://www.bis.doc.gov/seminarsandtraining/index.htm>

For further details about the Bureau of Industry and Security and its programs, please visit the BIS website at: <http://www.bis.doc.gov/>

The following are the links to Maltese regulations that implement the decisions of EU Council 1334/2000 of 22 June 2000 which set up a Community regime for the control of exports of dual-use items and technology

Dual-Use Items (Export Control) Regulations, 2001:

<http://justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=10383&l=1>

Military Equipment Export Control Regulations, 2001:

<http://justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=10384&l=1>

Temporary Entry

[Return to top](#)

Goods or materials may be temporarily imported into Malta under Temporary Importation (TI) procedures. Such temporary imports are not assessed customs and other duties. In order to receive the fee exemption, goods must not be processed or repaired in Malta outside of routine maintenance necessary to preserve goods in the condition in which they were imported.

Products that can be imported under TI relief include goods intended for display in an exhibition, goods imported for testing, and samples. In most cases the goods will have to remain in overseas ownership and must be re-exported within the prescribed time limit.

For most temporary importations, a security deposit (either cash or bank guarantee) equal to the full amount of customs duty and VAT potentially due is required. This can then be reclaimed when the goods are re-exported.

One may apply for TI authorization at the time of entry or prior to shipment. An ATA Carnet can also be used for certain temporary importations. An ATA Carnet is a book of vouchers that replaces the normal customs documentation at the time of importation. The ATA Carnet system is operated worldwide; security to cover potential import and VAT duties is deposited with the country of issue.

Labeling and Marking Requirements

[Return to top](#)

Labeling requirements in Malta conform to EU regulations. The Malta Competition and Consumer Affairs Authority (MCCAA) is responsible for the national regulations that incorporate labeling requirements for several different sectors. More information can be found on the MCCAA website at www.mccaa.org.mt.

An overview of EU mandatory and voluntary labeling and marking requirements has been compiled in a market research report that is available at:

http://buyusainfo.net/docs/x_366090.pdf

For the following types of products the information on the label must be in Maltese and/or English: chemicals, cosmetics, food, detergents, and biocides. Other languages may also be used as long as one of Malta's official languages is present on the label. For food products and detergents, Italian is also accepted. Different types of biocides

may have a compulsory or optional requirement label products in both English and Maltese. Plant protection product labels should be printed both in Maltese and in English.

Label content requirements vary by product. For example, on the label of a cosmetic product it is mandatory to include the net weight (g/mL), country of origin (if imported from outside the EU), warnings/precautions, function, and best-before date. Other products have different mandatory requirements.

Manufacturers are advised that all labels require metric units, although dual labeling is also acceptable. The use of language on labels has been the subject of a Commission Communication that encourages multilingual information, while preserving the right of Member States to require the use of the language of the country of consumption.

The EU has mandated that certain products be sold in standardized quantities. Council Directive 2007/45/EC harmonizes packaging of wine and spirits throughout the EU. Existing national sizes will be abolished with only a few exceptions for domestic producers.

Key Link: <http://ec.europa.eu/enterprise/sectors/legal-metrology-and-prepack/documents/pack-sizes/>

The Eco-label

The EU eco-label is a voluntary label that US exporters can display on products which meet high environmental awareness standards. The eco-label is intended to be a marketing tool to encourage consumers to purchase environmentally-friendly products. The criteria for displaying the eco-label are strict and cover the entire lifespan of the product from manufacture, to use, to disposal. These criteria are reviewed every three to five years to take into account advances in manufacturing procedures. There are currently twenty-three different product groups, and approximately 250 eco-label licenses have been awarded for several hundred products.

Applications to display the eco-label should be directed to the appropriate body of the member state in which the product is sold. The application fee will be somewhere between €300 and €1300, depending on the tests required to verify if the product is eligible. The eco-label also carries an annual fee equal to 0.15 percent of the product's annual sales volume within the European community. However, the minimum annual fee is currently set at €500 and the maximum at €25,000.

There are plans to reform the eco-label significantly in the near future, by reducing the application and annual fees and expanding the product ranges. It is also possible that future eligibility criteria may take carbon emissions into account.

Key Links:

Eco-label Home Page:

http://ec.europa.eu/environment/ecolabel/index_en.htm

Product Categories eligible for the Eco-label:

http://ec.europa.eu/environment/ecolabel/ecolabelled_products/product_categories_en.htm

Eco-Label Catalogue:

<http://www.eco-label.com/default.htm>

List of Competent Bodies:

http://ec.europa.eu/environment/ecolabel/contacts/competent_bodies_en.htm

Revision of the Eco-label:

http://ec.europa.eu/environment/ecolabel/about_ecolabel/revision_of_ecolabel_en.htm

The Eco-label and Carbon Footprint:

http://ec.europa.eu/environment/ecolabel/about_ecolabel/carbon_footprint_en.htm

Prohibited and Restricted Imports

[Return to top](#)

All items which are prohibited or restricted imports in Malta require an import license – see Trade Barriers section entitled. The list of items which would normally require an import license is contained in the following National regulation:

Subsidiary Legislation 117.14, Importation Control Regulations:

<http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=9290&l=1>

The TARIC also enumerates various rules that apply to specific products being imported into the customs territory of the EU, or in some cases, those exported from it. To determine if a product is prohibited or subject to restriction, check the TARIC for that product for the following codes:

| | |
|-------|---|
| CITES | Convention on International Trade of Endangered Species |
| PROHI | Import Suspension |
| RSTR | Import Restriction |

For information on how to access the TARIC, see the Import Requirements and Documentation Section above.

Key Link:

http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm

Customs Regulations and Contact Information

[Return to top](#)

Department of Customs

Custom House, Valletta CMR 02, Malta

Tel: (356) 25685(+ext) 25685119, 25685172 or 25658185

Fax: (356) 25685300

E-Mail: malta.customs@gov.mt

Website: www.contracts.gov.mt

Major Regulatory Efforts of the EC Customs and Taxation Union Directorate

Electronic Customs Initiative: Deals with major EU Customs modernization developments to improve and facilitate trade in the EU Member States. The electronic customs initiative is essentially based on the following three pieces of legislation:

- The [Security and Safety Amendment to the Customs Code](#), which provides for full computerization of all procedures related to security and safety;

- The Decision on the paperless environment for customs and trade ([Electronic Customs Decision](#)) which sets the basic framework and major deadlines for the electronic customs projects;
- The [modernized Community Customs Code](#) which provides for the completion of the computerization of customs

Key Link:

http://ec.europa.eu/taxation_customs/customs/policy_issues/electronic_customs_initiative/electronic_customs_legislation/index_en.htm

Homepage of Customs and Taxation Union Directorate (TAXUD) Website

Key Link: http://ec.europa.eu/taxation_customs/customs/index_en.htm

Customs Valuation: Most customs duties and value added tax (VAT) are expressed as a percentage of the value of goods being declared for importation. Thus, it is necessary to establish a standard set of rules for determining the value of goods in order to calculate the customs duty.

The EU annually imports goods worth more than €2 trillion. It is important to measure the value of such commerce accurately for the purposes of:

- economic and commercial policy analysis,
- application of commercial policy measures,
- proper collection of import duties and taxes, and
- import and export statistics.

These objectives are met by using a single instrument - the rules on customs value.

The EU applies an internationally accepted concept of “[customs value](#).”

The value of imported goods is one of the three elements of taxation that provides the basis for assessment of the customs debt, the technical term for the amount of duty that has to be paid. The other two elements are the origin of the goods and the customs tariff.

Key Link:

http://ec.europa.eu/taxation_customs/customs/customs_duties/declared_goods/index_en.htm

Standards

[Return to top](#)

- [Overview](#)
- [Standards Organizations](#)
- [Conformity Assessment](#)
- [Product Certification](#)
- [Accreditation](#)
- [Publication of Technical Regulations](#)

Overview

[Return to top](#)

Products tested and certified in the U.S. to meet American standards will likely need to be retested and re-certified to meet EU requirements. Where products are not regulated by specific EU technical legislation, they are subject to the EU's General Product Safety Directive, as well as possible additional national requirements. An important feature of EU standards created under the New Approach is CE marking. For a list of New Approach legislation, go to http://ec.europa.eu/enterprise/policies/european-standards/documents/harmonised-standards-legislation/list-references/index_en.htm.

Requiring CE marking might make U.S. products uncompetitive if their manufacturing companies are not already exporting products to other EU states.

While harmonization of EU legislation can facilitate access to the EU Single Market, manufacturers should be aware that regulations and technical standards might also function as barriers to trade if U.S. standards are different from those of the European Union.

The objective of the Malta Competition and Consumer Affairs Authority (MCCAA) is to coordinate standardization and related activities in accordance with European and internationally recognized standards and practices.

Agricultural Standards

The process of establishing harmonized EU rules and standards in the food sector has been ongoing for several decades. In January 2002, the EU published a general food law that set out basic governing principles. As of Jan 1, 2005, this regulation introduced mandatory traceability throughout the feed and food chain. For specific information on agricultural standards, please refer to the Foreign Agricultural Service's website at: <http://www.fas.usda.gov/posthome/useu/>

There are also export guides to import regulations and standards available on the Foreign Agricultural Service's website: <http://www.fas.usda.gov/posthome/useu/>

Standards Organizations

[Return to top](#)

Although the primary role of the Malta Competition and Consumer Affairs Authority (MCCAA) is to coordinate the application of international standards in Malta, it also has developed some standards that are specific to the local market, such as those governing Maltese lace and filigree work.

Many standards in the EU are adopted from international bodies such as the International Standards Organization (ISO). The drafting of specific EU standards is handled by three European organizations:

- CENELEC, European Committee for Electrotechnical Standardization (<http://www.cenelec.org/Cenelec/Homepage.htm>)

- ETSI, European Telecommunications Standards Institute (<http://www.etsi.org/>)
- CEN, European Committee for Standardization, handling all other standards (<http://www.cen.eu/cenorm/homepage.htm>)

Standards are created or modified by experts in technical committees or working groups. The members of CEN and CENELEC are the national standards bodies of Member States, which have "mirror committees" that monitor and participate in ongoing European standardization. CEN and CENELEC standards are sold by the individual Member States standards bodies. ETSI is different in that it allows direct participation in its technical committees by non-EU companies that have interests in Europe. It also gives away its individual standards at no charge on its website. In addition to the three standards-developing organizations, the European Commission plays an important role in standardization through funding small and medium-sized companies' and NGOs' participation in the standardization process. The Commission also provides money to the standards bodies when it mandates standards development and harmonization that will be linked to EU technical legislation. Mandates—or requests for standards—can be checked online at:

http://ec.europa.eu/enterprise/policies/european-standards/standardisation-requests/index_en.htm.

Due to the EU's vigorous promotion of its regulatory standards system, as well as its generous funding for the system's development, the EU standards regime is wide and deep—extending well beyond the EU's political borders to include affiliate members (countries which are hopeful of becoming full members in the future) such as Albania, Croatia, FYR of Macedonia, and Turkey, among others. Another category called "partner standardization body" includes the standards organization of Australia, which is not likely to become a CEN member or affiliate for political and geographical reasons. Many other developing countries are targets of the EU's extensive technical assistance program, which is aimed at exporting EU standards and technical regulations. Main targets include the Mediterranean and Balkan regions, Africa, Latin America, and China.

To know what CEN and CENELEC have in the pipeline for future standardization, it is best to visit their websites. CEN's "Sectors" page provides an overview by sector and/or technical committee, whereas CENELEC offers the possibility to search its database. ETSI's portal (http://portal.etsi.org/Portal_Common/home.asp) displays ongoing activities.

With the need to adapt more quickly to market needs, European standards organizations have been looking for new deliverables--standard-like products delivered in a shorter timeframe. While few of these new deliverables have been linked to EU Regulations, it is expected that they will eventually serve as the basis for EU-wide standards.

Key Link: <http://www.cen.eu/cenorm/products/cwa/index.asp>

The European Standardization system and strategy was reviewed in 2011 and 2012. The new standards regulation, adopted in November 2012, clarifies the relationship between regulations and standards and confirms the role of the three European standards bodies in developing harmonized standards for the EU. The regulation emphasizes referencing international standards where possible. The importance of interoperability standards for information, communication, and technology (ICT) products has been recognized. Through a newly established mechanism, a Platform Committee

reporting to the European Commission will decide which deliverables from fora and consortia might be acceptable for public procurement specifications. The European standards bodies have been encouraged to improve delivery efficiency and to find ways to include more societal stakeholders in European standardization.

Key Link: http://ec.europa.eu/enterprise/policies/european-standards/standardisation-policy/index_en.htm

Conformity Assessment

[Return to top](#)

The Malta Competition and Consumer Affairs Authority (MCCAA) is responsible for conformity assessment in Malta. For example, MCCAA issues an ISO 9000 to local organizations that have reached a high level of management. MCCAA offers a service through which food processing and manufacturing concerns are assessed to determine whether companies are prepared for the implementation of the EU food safety management system HACCP.

In order to comply with specific EU legislation, manufacturers must undertake a conformity assessment. The purpose of conformity assessment is to ensure consistency of compliance during all stages of the production process to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice with regard to conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination, and production quality control system, to full quality assurance system. You can find conformity assessment bodies in individual Member States on this list by the European Commission:

Key Link: <http://ec.europa.eu/enterprise/newapproach/nando/>

To promote market acceptance of the final product, there are a number of voluntary conformity assessment programs. CEN's certification systems are the Keymark, the CENCER mark, and CEN Workshop Agreements (CWA) Certification Rules. CENELEC has its own initiative. ETSI does not offer conformity assessment services.

Product Certification

[Return to top](#)

In general, to conform with EU regulations all products sold in Malta that may pose a health or safety risk bear a CE marking. The CE marking is essentially a declaration by the manufacturer that the product has been designed and manufactured to meet all requirements of EU directives. Examples of products that should have a CE Mark include: toys, medical devices, safety devices, low voltage equipment, and pressure protective equipment.

To sell products on the EU market, as well as in Norway, Liechtenstein, and Iceland, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards. There is no easy way for U.S. exporters to understand and go through the process of CE marking, but hopefully this section provides some background and clarification.

Products manufactured to standards adopted by CEN, CENELEC, and ETSI—which are published in the Official Journal as harmonized standards—are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE marking and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the EU. A manufacturer can choose not to use the harmonized EU standards but then must demonstrate that the product meets the essential safety and performance requirements. Trade barriers occur when design, rather than performance standards are developed by the relevant European standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

The CE marking addresses itself primarily to the national control authorities of the Member States, and its use simplifies essential market surveillance of regulated products. Although CE marking is intended primarily for inspection purposes by Member State, the consumer may well perceive it as a quality mark. The EU adopted the New Legislative Framework, in force as of 2010, because market surveillance was found lacking. As mentioned before, this framework is a blueprint for all CE marking legislation, harmonizing definitions, responsibilities, European accreditation, and market surveillance.

The CE marking is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the authorized representative established in the EU. This detailed information should not appear next to the CE marking, but rather on the declaration of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file) or in documentation accompanying the product.

Accreditation

[Return to top](#)

Independent certification bodies, known as notified bodies, have been officially accredited by competent authorities to test and certify to EU requirements. However, under U.S.-EU Mutual Recognition Agreements (MRAs), notified bodies based in the United States (referred to as conformity assessment bodies) are allowed to test to EU specifications in the United States and vice versa. Testing in the U.S. significantly lowers costs which makes U.S. products more competitive. At this time, the U.S.-EU MRAs cover the following sectors: EMC (in force), RTTE (in force), medical devices (in transition), pharmaceutical (on hold), recreational craft (in force), and marine equipment (in force). The U.S. Department of Commerce's National Institute of Standards and Technology (NIST) has a link on its website to American and European conformity assessment bodies operating under a mutual recognition agreement.

Key Link: <http://ts.nist.gov/Standards/Global/mra.cfm>

European Accreditation (http://www.european-accreditation.org/default_flash.htm) is an organization representing nationally recognized accreditation bodies. Membership is open to nationally recognized accreditation bodies in countries in the European geographical area that can demonstrate that they operate an accreditation system compatible with EN45003 or ISO/IEC Guide 58. MCCA carries out accreditation services in Malta.

Publication of Technical Regulations

[Return to top](#)

Proposed and final technical regulations are published in local newspapers and on MCCA's web site (<http://www.mccaa.org.mt>). Furthermore, national technical regulations are published on the Commission's website to allow other countries and interested parties to comment (http://ec.europa.eu/enterprise/tris/index_en.htm).

The Official Journal is the official gazette of the European Union. It is published daily on the internet and consists of two series covering adopted legislation, as well as case law, questions from the European Parliament, studies by committees, and more (<http://eur-lex.europa.eu/en/index.htm>). It lists the standards reference numbers linked to legislation (<http://www.newapproach.org/Directives/DirectiveList.asp>).

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report all proposed technical regulations that could affect trade with other Member countries to the WTO. Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://tsapps.nist.gov/notifyus/data/index/index.cfm>

Trade Agreements

[Return to top](#)

For a list of trade agreements with the EU and its member states, as well as concise explanations, please see http://tcc.export.gov/Trade_Agreements/index.asp.

Web Resources

[Return to top](#)

Malta Competition and Consumer Affairs Authority:

<http://www.mccaa.org.mt>

Commerce Division, Ministry of Finance, the Economy and Investment:

<http://www.commerce.gov.mt/>

WasteServ Malta:

<http://www.wasteservmalta.com/>

EU websites:

Online customs tariff database (TARIC):

http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm

The Modernized Community Customs Code MCCC):

http://europa.eu/legislation_summaries/customs/do0001_en.htm

ECHA:

<http://echa.europa.eu>

Taxation and Customs Union:

http://ec.europa.eu/taxation_customs/customs/index_en.htm

Security and Safety Amendment to the Customs Code - Regulation (EC) 648/2005:
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32005R0648:en:HTML>

Electronic Customs Initiative: Decision N° 70/2008/EC:
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:023:0021:0026:EN:PDF>

Modernized Community Customs Code Regulation (EC) 450/2008):
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:145:0001:0064:EN:PDF>

Legislation related to the Electronic Customs Initiative:
http://ec.europa.eu/taxation_customs/customs/policy_issues/electronic_customs_initiative/electronic_customs_legislation/index_en.htm

International Level:

What is Customs Valuation?:
http://ec.europa.eu/taxation_customs/customs/customs_duties/declared_goods/european/index_en.htm

Customs and Security: Two communications and a proposal for amending the Community Customs Code:
http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm

Establishing the Community Customs Code: Regulation (EC) n° 648/2005 of 13 April 2005:
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32005R0648:en:HTML>

Pre Arrival/Pre Departure Declarations:
http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/prearrival_predeparture/index_en.htm

AEO: Authorized Economic Operator:
http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/aeo/index_en.htm

Contact Information at National Customs Authorities:
http://ec.europa.eu/taxation_customs/taxation/personal_tax/savings_tax/contact_points/index_en.htm

New Approach Legislation:
http://ec.europa.eu/enterprise/policies/european-standards/documents/harmonised-standards-legislation/list-references/index_en.htm

CENELEC, European Committee for Electrotechnical Standardization:
<http://www.cenelec.eu/>

ETSI, European Telecommunications Standards Institute:
<http://www.etsi.org/>

CEN, European Committee for Standardization, handling all other standards:
<http://www.cen.eu/cenorm/homepage.htm>

Standardisation – Mandates:
http://ec.europa.eu/enterprise/policies/european-standards/standardisation-requests/index_en.htm

http://ec.europa.eu/enterprise/policies/european-standards/index_en.htm

http://ec.europa.eu/enterprise/standards_policy/mandates/database/index.cfm?fuseaction=txtSearch.main&CFID=34648468&CFTOKEN=6ef965fc96926526-52EF213E-DE68-5C5C-981D1CB14CA6CF99&jsessionid=f412d234ecac366e803c2593f323e576c666TR

ETSI – Portal – E-Standardisation :
http://portal.etsi.org/Portal_Common/home.asp

CEN – Sector Fora:
<http://www.cen.eu/cenorm/sectors/index.asp>

NANDO (New Approach Notified and Designated Organizations) Information System:
<http://ec.europa.eu/enterprise/newapproach/nando/>

Mutual Recognition Agreements (MRAs):
http://ec.europa.eu/enterprise/policies/single-market-goods/international-aspects/mutual-recognition-agreement/usa/index_en.htm

European Co-operation for Accreditation:
<http://www.european-accreditation.org/content/home/home.htm>

Eur-Lex – Access to European Union Law:
<http://eur-lex.europa.eu/en/index.htm>

Standards Reference Numbers linked to Legislation:
European Standards
http://ec.europa.eu/enterprise/policies/european-standards/harmonised-standards/index_en.htm

What's New:
http://ec.europa.eu/enterprise/policies/european-standards/news/index_en.htm

National technical Regulations:
http://ec.europa.eu/enterprise/tris/index_en.htm

NIST - Notify U.S.:
<http://tsapps.nist.gov/notifyU.S./data/index/index.cfm>

Metrology, Pre-Packaging – Pack Size:

<http://ec.europa.eu/enterprise/sectors/legal-metrology-and-prepack/documents/pack-sizes/>

European Union Eco-label Homepage:

http://ec.europa.eu/comm/environment/ecolabel/index_en.htm

Eco-Label Catalogue:

<http://www.eco-label.com/default.htm>

U.S. websites:

National Trade Estimate Report on Foreign Trade Barriers:

<http://www.ustr.gov/about-us/press-office/reports-and-publications/2009/2009-national-trade-estimate-report-foreign-trad>

Agricultural Trade Barriers:

<http://www.fas.usda.gov/posthome/Useu/>

Trade Compliance Center:

<http://www.trade.gov/tcc>

U.S. Mission to the European Union:

<http://useu.usmission.gov/>

The New EU Battery Directive:

http://www.buyusainfo.net/docs/x_8086174.pdf

The Latest on REACH:

<http://export.gov/europeanunion/reachclp/index.asp>

WEEE and RoHS in the EU:

<http://export.gov/europeanunion/weeerohs/index.asp>

Overview of EU Certificates:

<http://www.fas.usda.gov/posthome/useu/certificates-overview.html>

Center for Food Safety and Applied Nutrition:

<http://www.fda.gov/Food/default.htm>

EU Marking, Labeling and Packaging – An Overview:

http://www.buyusainfo.net/docs/x_4171929.pdf

The European Union Eco-Label:

http://buyusainfo.net/docs/x_4284752.pdf

Trade Agreements:

http://tcc.export.gov/Trade_Agreements/index.asp

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 6: Investment Climate

- [Openness to Foreign Investment](#)
- [Conversion and Transfer Policies](#)
- [Expropriation and Compensation](#)
- [Dispute Settlement](#)
- [Performance Requirements and Incentives](#)
- [Right to Private Ownership and Establishment](#)
- [Protection of Property Rights](#)
- [Transparency of Regulatory System](#)
- [Efficient Capital Markets and Portfolio Investment](#)
- [Competition from State-Owned Enterprises](#)
- [Corporate Social Responsibility](#)
- [Political Violence](#)
- [Corruption](#)
- [Bilateral Investment Agreements](#)
- [OPIC and Other Investment Insurance Programs](#)
- [Labor](#)
- [Foreign Trade Zones/Free Ports](#)
- [Foreign Direct Investment Statistics](#)

Openness to Foreign Investment

[Return to top](#)

Malta, a member of the European Union since 2004, seeks foreign direct investment (FDI) to increase its rate of economic growth. Malta provides incentives to attract investment in manufacturing (especially pharmaceutical manufacturing), transshipment and servicing industries, information and computer technology (ICT), R&D, aviation maintenance, registration of ships and aircrafts, electronics, and financial services. Malta's advantages for foreign investors include membership in the EU, competitive wage rates (compared to other EU states), a highly skilled English-speaking labor force, access to European and North African markets, a fair and just business environment, and excellent telecommunication and transport connections. Malta also offers several financial, tax, and investment incentives in order to attract FDI. Foreign investment also plays an integral part in the Government of Malta's policies to reduce the role of the state in the economy and increase private sector activity.

Malta is a politically stable parliamentary republic with a free press; it is regarded as a safe and secure place to do business. Malta's economy is generally considered to have weathered the recent global economic crisis relatively well, though Standard & Poor's Ratings Services downgraded Malta's sovereign-credit rating one notch to triple-B-plus from A-minus in January 2013. This stemmed from concerns regarding the country's failure to pass a budget in late 2012, as well as questions about the government's ability to restore its fiscal flexibility and resolve its recurrent budgetary risk following the dissolution of Malta's parliament in January 2013. Though the outlook is stable, Standard & Poor's Ratings Services said Malta's ratings are

constrained by the government's sizeable debt burden, significant liabilities from its unprofitable state enterprises, and the vulnerabilities of its narrowly based economy. In September 2012, Moody's Investors Service gave Malta an A3 government bond rating, commenting that the outlook remains negative, and Fitch Ratings affirmed Malta's short term Issuer Default Rating (IDR) at F1 and Country Ceiling at AAA, which is the common Country Ceiling for the Eurozone.

The government organization Malta Enterprise, established to promote foreign direct investment in Malta, provides information to prospective investors, processes applications for government investment incentives, and serves as liaison between investors and other government entities. Malta Enterprise offers an attractive investment package for American and other investors (see section Performance Requirements/Incentives).

The following are the most important laws that govern foreign investment in Malta:

- The Income Tax Act of 1948 (as amended) establishes a single rate of taxation of 35 percent on income for limited liability companies in Malta. In certain qualifying cases, this rate is effectively reduced to 5 percent for companies which export the majority of their product outside of Malta.
- The Business Promotion Act authorizes the government of Malta to allocate fiscal and other incentives to companies engaged in manufacturing (including software development), repair, or maintenance activities.
- The Malta Enterprise Act of 2003 enables Malta Enterprise to develop and administer incentives, schemes, and other forms of support to rationalize and update the relevant legislation in the FDI sector.
- The Companies Act of 1995 regulates the creation of limited liability companies. The Companies Act provides for the establishment of investment companies with variable share capital (SICAVS) and companies with share capital denominated in a foreign currency.
- The Malta Financial Services Authority Act of 1989 established the Malta Financial Services Authority which is responsible for the regulation of banking and investment services in Malta.
- The Investment Services Act of 1994 contains a package regulating investment services in the banking and insurance sectors.

Virtually all manufacturing sectors are open to FDI as long as they export their products (as most manufacturers in Malta do). There are no legal prohibitions against FDI oriented toward sales in the Malta domestic market, but the government carefully screens such investment. Certain sectors dominated by the state, such as electrical energy and fuel distribution, are being liberalized in response to EU requirements.

In efforts to attract investment, the Government of Malta gives priority to companies operating in the following fields:

- Information and communications technology, including electronic components;
- Health, medical equipment, and pharmaceuticals;
- Back office and regional support operations, including call centers;

- Knowledge-based services, including aviation repair, education and training, and research and development;
- Logistics-based services, including maritime, warehousing, and oil/gas services;
- Film industry
- Education and training

Private foreign investors are free to make equity arrangements as they wish, from joint ventures to full equity ownership.

In recent years the GOM has privatized a number of state-controlled firms, including its shares in the country's largest bank, the postal service, shipyards, and the wireless telecommunications industry. Air Malta, the national airline, is currently not part of the restructuring process, but the Government of Malta has not ruled this out as a possibility in the future.

The government welcomes private investors, Maltese and non-Maltese alike, to participate in privatization projects. It affords foreign and domestic investors equal treatment and sets few limitations on their operations. There are currently no performance requirements other than those linked to the goals stated by the investors at the time of application for assistance. Foreign investors have the right to repatriate or reinvest profits without restriction and can take disputes before the International Center for Investment Disputes.

Third Party Indicators:

| Measure | Year | Index/Ranking |
|---------------------------|------|------------------|
| TI Corruption Index | 2012 | 43 (out of 176) |
| Heritage Economic Freedom | 2013 | 47 (out of 185) |
| World Bank Doing Business | 2012 | 167 (out of 185) |

Conversion and Transfer Policies

[Return to top](#)

The Government of Malta routinely approves repatriation of profits, dividends, and capital. There are no limitations on the inflow or outflow of funds for remittances of profits, debt service, capital, capital gains, returns on intellectual property, or imported raw materials as long as investors present the appropriate documents to the Central Bank of Malta. There are no significant delays in converting investment returns following presentation of the necessary documents. Maltese regulations and practices affecting

remittances of investment capital and earnings have improved for foreign investors due to the relaxation of several foreign exchange controls to conform to EU directives. Malta joined the Eurozone in January 2008.

Expropriation and Compensation

[Return to top](#)

Private property may be expropriated for public purposes in a non-discriminatory manner and in accordance with established principles of international law. Investors and lenders of expropriated property are guaranteed adequate compensation by law, though there have not been any expropriations in the last decade. The government does not discriminate against U.S. or any other foreign investments in expropriation. There are no particular sectors at risk for expropriation or similar actions, nor are there any laws that require local ownership.

Dispute Settlement

[Return to top](#)

There have been no significant investment disputes over the past few years involving U.S. or other foreign investors or contractors in Malta. The Maltese Parliament is the highest law-making institution. Its members are elected every five years by proportional representation. The number of members of parliament is normally 65, but this may be adjusted according to the constitution to provide a governing majority to the party who wins the popular vote in a general election. The GOM functions through a cabinet of ministers headed by the Prime Minister.

Malta has an independent judiciary. The court system is divided into Superior Courts presided over by judges and Inferior Courts presided over by magistrates. The jurisdiction of the Inferior Courts is restricted to minor criminal offenses and small civil matters. Traditionally, the judiciary functions through the Criminal, Civil, and Constitutional Courts. Commercial cases are adjudicated by the First Hall of the Civil Court. There is a Criminal Court of Appeal and a Court of Appeal for all other jurisdictions. The Constitutional Court has jurisdiction to hear and determine questions and appeals on constitutional issues. There are also a number of administrative tribunals, such as the Industrial Tribunal, the Rent Regulation Board, and the Board of Special Commissioners for income tax purposes. In 1987 Malta adopted the European Convention of Human Rights as part of Malta's domestic law.

The Maltese judiciary has a long tradition of independence. Once appointed to the bench, judges and magistrates have fixed salaries which do not require annual approval. Judges cannot be dismissed except by a two-thirds vote in the House of Representatives for a proven inability to exercise their function properly or verified misbehavior. The Constitution guarantees the separation of powers between the executive and the judiciary. Fair trial is also recognized as an enforceable human right under the Maltese Constitution.

Malta has a distinct commercial code which regulates commercial activities and related legislation, such as the Banking Act, the Central Bank of Malta Act, and bankruptcy. In cases of bankruptcy, the court appoints a curator to liquidate the assets of the bankrupt company, organization, or individual, and distributes the proceeds among the creditors.

In 2002, Malta signed the Convention on the Settlement of Investment Disputes. Malta is also a member of the New York Convention of 1958 on the recognition and enforcement of foreign arbitration awards. Bilateral investment guarantee agreements--which Malta has with several countries (see Bilateral Investment Guarantee Agreements)—also provide modes of dispute settlement.

Courts in Malta are known to be slow in processing cases. Investment/commercial dispute resolution proceedings in Malta generally take a minimum of three years and have been known to take substantially more time. Generally speaking, summary proceedings which involve debt collection related to liquidation take less time. Malta, as a signatory of the New York Convention, generally enforces foreign court judgments and honors foreign arbitration awards.

Performance Requirements and Incentives

[Return to top](#)

The Government of Malta offers several generous fiscal and other incentives for investment in industrial projects to complement Malta's salient geographic advantages (strategic location, multilingual skilled labor force, access to EU, etc.) to attract FDI. Some of the most important incentive schemes for companies considering an investment in Malta or Gozo are the following:

- **Investment Tax Credits:** Target sector companies are entitled to a tax credit which is calculated **either** as:
 - A percentage of qualifying expenditure (i.e. expenditure of a capital nature, which is 30 percent in the case of a large enterprise; 40 percent in the case of an SME; and 50 percent in the case of a micro enterprise; **or**
 - A percentage (again, 30 percent, 40 percent, or 50 percent) of the wage cost for the first 24 months of the newly created job.
 - Furthermore, there is the Income Tax – Full Imputation System which reduces the effective tax rate for companies with shareholders based abroad from 35 percent to around 5 percent through refund.
- **Access to Finance:** This is available mainly in the form of:
 - **Loan Guarantees:** Malta Enterprise can guarantee bank loans taken by a company to finance acquisition of additional assets to be employed in the company's business, or
 - **Loan Interest Subsidies:** Malta Enterprise may subsidise the interest rate payable on bank loans. Loan interest subsidies are not supplementary to loan guarantees, and they are applicable to loans provided by banks or other financial institutions. Normally the interest rate subsidy varies from 1 percent to 3 percent depending on the magnitude of the project.
- **Land Allocation:** Malta Enterprise owns all industrial estates in Malta; they are managed through its subsidiary company, Malta Industrial Parks (MIP). Malta Enterprise has a number of ready-to-move-into facilities which may or may not require further capital investment to complete in line with industry standards.

After entering into a lease agreement with MIP the investment cost will be amortised over an agreed upon period of time, and the company will pay this amortisation as part of the lease rent, thus reducing the impact on the investor's cash flow.

- **Employment & Training:**
 - These incentives are administered by the Employment and Training Corporation. Enterprises are supported to recruit new employees and train their staff.
- **SME Development:**
 - Grants are available for the creation and development of innovative start-ups and the development of forward-looking small and medium-sized firms.
- **Enterprise Support:**
 - Assistance is provided to businesses to support developing their international competitiveness, improving their processes, and networking with other businesses.
- **Research & Development:**
 - A package of incentives is offered to encourage enterprises to engage in industrial research and experimental development

These are divided into 3 categories: grant schemes, fiscal incentives, and ERDF competitive calls.

Grant Schemes

Loan of Qualified Experts

SMEs can benefit from the temporary engagement of a highly qualified expert to work on R&D&I projects. Eligible costs under this grant must relate directly to the secondment of the highly qualified personnel from a research organisation or large enterprise to the SME. Costs may consist of wages paid by the SME to seconded personnel or fees charged by the research institute or large enterprise for the secondment. The maximum aid allocated shall be 50 percent of the eligible costs for every person seconded. The value of aid for every seconded, highly qualified personnel is capped at €15,000 per annum.

Technical Feasibility Studies

Enterprises may benefit from aid in carrying out technical feasibility studies to prepare for industrial research or experimental development activities. Enterprises undertaking preparatory technical feasibility studies may receive up to €50,000 per project.

Collaborative R&D Grants

(Enterprises should seek approval of any R&D project prior to commencement)

Research and development activities should be carried out in at least two different countries, one of them being Malta. Industrial research and experimental development projects that have been approved by the EUREKA network or under the Eurostars Joint Programme may be supported by a grant of up to €200,000 which may be used to cover:

- a. 40 percent of eligible costs when the applicant is a large enterprise;
- b. 50 percent of eligible costs when the applicant is a medium-sized enterprise; or
- c. 60 percent of eligible costs when the applicant is a small enterprise.

Eligible Expenditure: Personnel costs, instruments and equipment, costs for building, material, supplies and similar products, contractual research, technical knowledge and patents, and additional overhead.

| | Small and Medium Enterprise | Large Enterprise | Maximum Grant |
|--|-----------------------------|------------------|---------------|
| Studies Preparatory to Industrial Research Activities | 75 percent | 65 percent | € 50,000 |
| Studies Preparatory to Experimental Development Activities | 50 percent | 40 percent | |

R&D Clusters

Enterprises that establish or operate an Innovation Cluster made up of both SMEs and large undertakings to carry out or promote industrial research and experimental development may apply for aid. Through this incentive, cash grants may be allocated to partially finance investment and operating costs incurred by an enterprise to establish, expand, and operate an Innovation Cluster.

Investment Aid: The total aid for any project may not exceed €350,000 over a period of 5 years.

Operating Aid: The maximum grant value in relation to operating costs is €150,000 per cluster (€30,000 per annum).

Fiscal Incentives

(Enterprises should seek approval of any R&D project prior to commencement)

Research and Development - Tax credits

Tax credits may be granted for eligible costs incurred by an enterprise while undertaking:

- Industrial Research Projects
- Experimental Development Projects
- Registration of intellectual property attained through Industrial Research and Experimental Development projects (for SMEs)

Eligible Expenditure: Personnel costs, instruments and equipment, costs for building, material, supplies and similar products, contractual research, technical knowledge and patents, additional overheads, costs preceding grant of IP rights, translation costs, costs incurred in defending the validity of the right.

Maximum Aid Intensity

| <u>R&D</u> | Small Enterprise | Medium Enterprise | Large Enterprise |
|--|------------------|-------------------|------------------|
| Industrial Research Projects | 70 percent | 60 percent | 50 percent |
| Experimental Development Projects | 45 percent | 35 percent | 25 percent |
| Collaborative industrial research projects | 80 percent | 75 percent | 65 percent |
| Collaborative experimental development projects | 60 percent | 50 percent | 40 percent |
| Additional Incentives for SMEs | | | |
| Industrial property costs related to Industrial Research projects | 70 percent | 60 percent | Not applicable |
| Industrial property costs related to Experimental Development projects | 45 percent | 35 percent | |

Royalty Income from Patents

Any person (individual or enterprise) receiving royalty payment or similar income for granting the use of knowledge protected under a qualifying patent in terms of the Regulations—through a licensing agreement or similar agreement—may opt to have any such income exempt from tax. The license must be granted to an enterprise for using the patent in a productive economic activity, such as manufacturing, software development, or data processing.

ERDF Competitive Grant Schemes

Minimum project value: € 60,000

Eligible expenditure: Personnel costs, instruments and equipment, contractual research, technical knowledge, and patents

Maximum Aid Intensity and Value of Grant are as follows:

| | Small Enterprise | Medium Enterprise | Large Enterprise | Maximum Grant |
|--------------------------|------------------|-------------------|------------------|---------------|
| Industrial Research | 70 percent | 60 percent | 50 percent | € 300,000 |
| Experimental Development | 45 percent | 35 percent | 25 percent | |

The majority of funding plans outlined above are available during the period 2007-2013 via the European Union Structural Funds pot. Through the aforementioned aid schemes, assistance and cash grants are provided for projects focusing on any one of the following themes: International Competitiveness; Small Start-Up; Innovation; Environment; E-Business; and Research & Development. Twenty million euros have been allocated for this kind of support. Another €10 million have been made available for Industry Energy Grant Scheme projects.

The GOM offers generous incentives to trading and financial companies registered with the Malta Financial Services Authority. Legislative changes in 1994 removed the distinction between offshore and onshore companies, meaning that all companies in Malta are subject to a 35 percent tax rate on profits. However, as previously mentioned, a system of refunds due to non-resident shareholders substantially reduces the effective tax rate for international investors to around 5-7 percent.

Companies operating within the Malta Freeport, a customs-free zone, benefit from two main incentives: reduced rates of taxation and investment tax credits. In effect, tax credits may offset the tax payable for a number of years or reduce it substantially.

In 2011, a double taxation agreement between the U.S. and Malta took effect. Malta also has double taxation agreements with: Albania, Australia, Austria, Barbados, Bahrain, Belgium, Bulgaria, Canada, China, Croatia, Cyprus, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, Georgia, Greece, Hungary, Iceland, India, Ireland, Isle of Man, Israel, Italy, Jersey, Jordan, Korea (Rep. Of), Kuwait, Latvia, Lebanon, Libya, Lithuania, Luxembourg, Malaysia, Montenegro, Morocco, Netherlands, Norway, Pakistan, Poland, Portugal, Romania, San Marino, Serbia, Singapore, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Syria, Thailand, Tunisia, Turkey, Qatar, Ukraine, United Arab Emirates, the United Kingdom, and Uruguay.

All investment incentives are specified by law and are not made available in an ad hoc manner. Treatment of domestic and non-Maltese investors is identical. Non-Maltese investors do not receive favored treatment.

There are currently no performance requirements other than those linked to the goals stated by the investor at the time of application for assistance to Malta Enterprise. There are no stated requirements that a foreign investor should reduce his shareholding interest over time, transfer his technology, or employ Maltese nationals. These factors might, however, influence Malta Enterprise's decision regarding a firm's application for assistance.

Malta Enterprise monitors compliance with any conditions set by the government as a condition for government assistance. Investors are not required to disclose proprietary information.

Right to Private Ownership and Establishment

[Return to top](#)

The Government of Malta recognizes the right to private ownership in theory and in practice. Private entities are free to establish, acquire, and dispose of interests in business enterprises and engage in all forms of remunerative activity.

Many U.S. firms sell their products or services in Malta through licensing, franchise, or similar arrangements. The GOM normally allows foreign companies to operate in merchandising areas, especially if they operate a licensing, franchising, or similar agreement through a local representative.

It is the government's stated policy not to allow public enterprises to operate at the expense of private entities. Some sectors, such as the generation of electrical energy, are now also open to private sector participation. Private enterprises are given the same opportunities as public enterprises in terms of access to markets and other business operations.

Protection of Property Rights

[Return to top](#)

Property and contractual rights are enforced by means of (a) legal warning; (b) warrants of seizure; (c) warrants of prohibitory injunction; (d) warrants of impediments of departures (if proceedings fall within the jurisdiction of the Criminal Court); and (e) sale of property by court auction. The Code of Organization and Civil Procedures lays out the process for registering and enforcing judgments of foreign courts.

Rights in and secured interests over immovable property must be registered at the public registry in order to be enforceable. The GOM has occasionally been a party to international arbitration and has abided by the arbiter's decision. There is no regulation which prohibits the government from accepting binding international arbitration.

The Maltese legal system adequately protects and facilitates the acquisition and disposition of intellectual property rights. In 2000, Malta implemented the pertinent provisions of the WTO Trade-Related Aspects on Intellectual Property Rights (TRIPS). Malta has now fully incorporated the EU and WTO rules into national law.

Additional information on EU-wide provisions on copyright, patents, trademarks, and designs is obtainable from the following sites:

http://ec.europa.eu/internal_market/copyright/news/
http://ec.europa.eu/internal_market/indprop/index_en.htm

Malta is a member of the World Intellectual Property Organization (WIPO), the Paris Convention for the Protection of Industrial Property, the Bern Convention for the

Protection of Literary and Artistic Works, the Universal Copyright Convention (UCC), and the World Trade Organization (WTO) Agreement.

The Association against Copyright Theft claims that local laws do not impose high enough minimum fines to deter vendors from selling pirated material. The Ministry for Competitiveness and Communications has assured the Embassy that the GOM will take the necessary steps to remedy this situation.

Transparency of Regulatory System

[Return to top](#)

Malta has transparent and effective policies and regulations to foster competition. It has revised labor, health, and safety laws, among others, to conform to EU standards.

Efficient Capital Markets and Portfolio Investment

[Return to top](#)

Capital is available from both public and private sources. Both foreign and local companies may use local lending facilities. Commercial banks and their subsidiaries can provide loans at the commercial interest rate. New investors can negotiate soft loans from the government covering up to 75 percent of the projected capital outlay.

In recent years local commercial banks have expanded the scope of their lending portfolios. The Maltese banking system is considered to be extremely sound.

Malta's Stock Exchange was established in 1993. In 2002, the Financial Markets Act effectively replaced the Malta Stock Exchange Act of 1990 as the law regulating the operations and setup of the Malta Stock Exchange. This legislation divested the Malta Stock Exchange of its regulatory functions and transferred these functions to the Malta Financial Services Authority (MFSA). The Financial Markets Act also created a Listing Authority which is responsible for granting "Admissibility to Listing" to companies seeking to list their securities on the Exchange.

The small number of companies publicly listed on the Malta Stock Exchange has not been concerned with the possibility of hostile takeover.

There are no laws or regulations authorizing firms to adopt articles of incorporation/association that would limit foreign investment, participation, or control. Legal, regulatory, and accounting systems are transparent and consistent with international norms. Several U.S. auditing firms have local representatives.

Competition from State Owned Enterprises

[Return to top](#)

The Maltese government has traditionally been deeply involved in the nation's economy. Due to several major infrastructure projects, the government was forced to finance the resulting deficit with loans to support unprofitable government-owned businesses such as the Malta Dry-docks, which cost the government millions to cover operating shortfalls until its closure in 2010.

The Malta Investment Management Company Limited (MIMCOL) was established in 1988 as a limited liability company to manage, restructure, and selectively divest the Government of Malta from state-held investments. MIMCOL also promotes private

sector investment using cost-effective business practices across various government-owned companies and entities. MIMCOL's creation resulted from a shift in government policy towards a more liberalized, market-oriented economy that encourages competition and minimizes state participation in as many economic sectors as possible.

MIMCOL created portfolio management strategies for the Government of Malta which led to the dissolution and liquidation of non-viable companies with no commercial prospects, as well as the profitable divestment of non-strategic investments with commercial potential. MIMCOL's focus then turned to companies deemed to be of strategic national value but whose inefficient operations were reflective of monopolistic environments lacking competition. These investments were judged to be unsuited for privatization and remained under MIMCOL's responsibility where they underwent extensive reorganization and restructuring to improve performance, service delivery, and organizational effectiveness.

Eventually, most of these entities were groomed for privatization and sold off. Under MIMCOL's close scrutiny the list of Maltese Government investments has decreased to 11 (excluding companies falling under the responsibility of other ministries and investments held directly by the government).

MIMCOL falls under the responsibility of the Ministry of Finance. Today it supports the Ministry in its efforts to ensure that all public entities within its authority operate in a sustainable and cost-efficient environment, enhance service delivery, and improve organizational effectiveness. In general, MIMCOL and the Ministry promote private sector business practices across remaining state-owned companies and in Government entities. MIMCOL's sister company, Malta Government Investments Limited (MGI), holds a portfolio of equity and debt investments as an agent of the Government of Malta.

The portfolio of state-owned enterprises that falls under MIMCOL's scrutiny is not well-defined.

Most Government investments are held by either the Board of Trustees within the Ministry of Finance, the Economy, and Investment, or by MGI as an agent for the Government of Malta. There are other state entities that hold shares in companies which are typically set up specifically to further the entities' operations.

The following is a list of state-owned entities, including indications of those entities with which MIMCOL (and/or MGI) has some form of ownership or stewardship relationship. MIMCOL prepared the list using MIMCOL's and MGI's records and the GOM's Financial Estimates for 2008. The list is not necessarily exhaustive, as there could be other investments fully owned by Government entities or agencies which have not been captured by the sources.

Investments in active companies with a shareholding through MGI or MIMCOL

| Entity | Form | Ownership | Responsibility |
|---------------|-------------|------------------|-----------------------|
| Casma | Ltd | MGI | MIMCOL/MFEI |
| Gozo Channel | Ltd | MGI | MIMCOL/MFEI |
| Gozo Ferries | Ltd | MGI | MIMCOL/MFEI |

| | | | |
|------------------------------------|-----|---------------|-----------------------------|
| Gozo Heliport | Ltd | MGI | MIMCOL/MFEI |
| Grand Harbour Regeneration | plc | MGI | MIMCOL/MITC |
| Kalaxlokk | Ltd | MGI | MIMCOL/MFEI |
| Malpro | Ltd | MGI | MIMCOL/MFEI |
| Malta Air Traffic Services | Ltd | MGI | MIMCOL/MFEI |
| Malta Govt. Technology Investments | Ltd | MGI | MITC |
| Malta National Laboratory | Ltd | MGI | Competitiveness Ministry |
| Malta Marketing | Ltd | MGI | Malta Tourism Authority |
| Malta Venture Capital | plc | MGI | MIMCOL/MFEI |
| National Orchestra | Ltd | MGI | MEDC |
| Wasteserv Malta | Ltd | MGI | Environment Ministry |
| Libma International Construction | Ltd | MGI 20percent | MIMCOL/MFEI |

Corporations falling under Investment Ministry's portfolio

| Entity | Form | Ownership | Responsibility |
|------------------|-------------|------------------|-----------------------|
| Enemalta | Corp | Government | MIMCOL/MITC |
| Water Services | Corp | Government | MIMCOL/MITC |
| Malta Enterprise | Corp | Government | MIMCOL/MIIT |

Other Government direct investments

| Entity | Form | Ownership | Responsibility |
|----------------------------------|-------------|------------------|-----------------------|
| Air Malta | plc | MFEI 97.9percent | MIMCOL/MFEI |
| Libyan Arab Maltese Holding | Ltd | MFEI 51percent | MIIT/MFEI |
| Malta Export House | Ltd | MOF 90percent | In liquidation |
| Bank of Valletta | plc | MOF 25.2percent | MIIT/MOF |
| Malta Dairy Products | Ltd | ME 30percent | MIIT |
| Malta External Trade Corporation | Ltd | MOF | In liquidation |
| Malta Freeport Corporation | Ltd | MFEI | MITC |
| Malta University Sports Complex | Ltd | MOE 49percent | |
| Mdina Weave | Ltd | MFEI | In liquidation |
| Medelec Switchgear | Ltd | MFEI 5percent | LAMHCO |
| Mediterranean Power Electric | Ltd | MFEI 5percent | LAMHCO |

| | | | |
|---------------------|-----|-----------------|--------|
| Rotos Zirayia Pumps | Ltd | MFEI 7percent | LAMHCO |
| Viset Malta | plc | MOF 28.6percent | |

Abbreviations:

| | |
|--------|---|
| Ltd | Limited Liability company |
| Plc | Public limited company |
| Corp | Corporation set up by Act of Parliament |
| LAMHCO | Libyan Arab Maltese Holding Company Limited |
| ME | Malta Enterprise |
| MITC | Ministry of Information Technology and Communications |
| MITA | Malta Information Technology Agency |
| MEDC | Ministry of Education, Culture, Youth and Sport |
| MFEI | Ministry of Finance, the Economy and Investment |
| MSA | Malta Statistics Authority |
| MSE | Malta Stock Exchange |
| OPM | Office of the Prime Minister |
| WSC | Water Services Corporation |

The Government of Malta does not have a Sovereign Wealth Fund.

Corporate Social Responsibility

[Return to top](#)

Corporate social responsibility (CSR) has gained credence in recent years, particularly as the international community has increasingly emphasized global concerns such as climate change, and as the EU has raised expectations regarding CSR in its Member States. An increasing number of companies in Malta recognize the importance of their role in society and the real benefits of adopting a proactive approach to CSR.

Political Violence

[Return to top](#)

There have been no recent incidents involving politically-motivated damage to projects and/or installations, and there are no signs that civil disturbances may become more likely. Neither are there any signs that U.S. investor properties might become targets in the future.

Corruption

[Return to top](#)

Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to establish an effective compliance program which includes measures to prevent and detect corruption such as foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to comply with them properly. Where appropriate, companies should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to ensure that their own national companies uphold obligations under relevant international conventions; this would include taking steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials. A U. S. firm that believes a competitor is seeking to bribe a foreign public official to secure a contract should bring this to the attention of the appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person—and certain foreign issuers of securities—to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who commit any act to further such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at:
<http://www.justice.gov/criminal/fraud/>

Other Instruments: It is U.S. government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental in the expansion of the international framework to fight corruption. Several significant components of this framework are: the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Anti-Bribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements.

OECD Anti-Bribery Convention: The OECD Anti-Bribery Convention entered into force in February 1999. As of November 2012, there were 40 parties to the Convention, including the United States (see <http://www.oecd.org/daf/anti-bribery/antibriberyconventionratification.pdf>). Major exporters China and India are not parties, though the U.S. Government strongly encourages their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Anti-Bribery Convention through the U.S. FCPA. Malta is not a party to the OECD Convention.

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 167 parties to it as of May 2013 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global, comprehensive, international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, and trading in influence, to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Anti-Bribery Convention, as well as provisions on private sector auditing and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. Malta is a party to the UN Convention.

OAS Convention: In 1996, the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention establishes a set of preventive measures against corruption; provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment; and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of November 2012, the OAS Convention had 33 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>). Malta is not a party to the OAS Convention; it is not a member of the OAS.

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties either to the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 46 member States (45 European countries and the United States). As of June 2013, the Criminal Law Convention has 44 parties and the Civil Law Convention has 35 (see <http://conventions.coe.int/Treaty/Commun/ChercheSig.asp?NT=173&CM=&DF=&CL=ENG> and <http://conventions.coe.int/Treaty/Commun/ChercheSig.asp?NT=174&CM=&DF=&CL=ENG>). Malta is a party to both the Council of Europe Criminal and Civil Law Conventions.

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally), as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website:

<http://www.ustr.gov/trade-agreements/free-trade-agreements/>. Malta does not have an FTA with the United States.

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department's U.S. and Foreign Commercial Service can provide assistance in navigating the host country's legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services that aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies conduct their due diligence as part of the companies' overarching compliance programs when choosing business partners or agents overseas. The U.S. and Foreign Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its website at www.trade.gov/cs.

The Departments of Commerce and State provide world-wide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department's Advocacy Center and the State Department's Office of Commercial and Business Affairs. U.S. companies may bring problems they encounter when seeking such foreign business opportunities—including alleged corruption by foreign governments or competitors—to the attention of appropriate U.S. government officials, including local embassy personnel and the Department of Commerce Trade Compliance Center via its "Report A Trade Barrier" Website at tcc.export.gov/Report_a_Barrier/index.asp.

Guidance on the U.S. FCPA: The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's Fraud Section website at www.justice.gov/criminal/fraud/fcpa. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce website at <http://www.commerce.gov/os/ogc/transparency-and-anti-bribery-initiatives>. More general information on the FCPA is available at the websites listed at the end of this section.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and forbid their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to the various international conventions discussed above.

Public sector corruption, including bribery of public officials, is a minor challenge for U.S. firms operating in Malta. According to a report released by GRECO in January 2005, "de facto instances of corruption within the public administration are rare." GRECO also noted that: "Malta promotes international and coordinated actions to prevent and fight

corruption, organized crime and money laundering and takes account of the link between these crimes. It has taken several initiatives to adopt the legal provisions concerning the seizure and forfeiture of proceeds of crime as well as the criminal and civil liability of legal persons with a view of implementing the Criminal Law Convention on Corruption. Minor adaptations are still required. It also adapted in 1995 a Code of Ethics for employees in the public sector and subsequently several other code of ethics.”

GRECO cautioned, however, that "Malta still lacks a comprehensive anti-corruption strategy and appropriate coordination for implementing and monitoring such a strategy in the public sector and in specific areas of law." For additional details, please see the following site:

[http://www.coe.int/t/dghl/monitoring/greco/evaluations/round2/GrecoEval2\(2004\)14_Malta_EN.pdf](http://www.coe.int/t/dghl/monitoring/greco/evaluations/round2/GrecoEval2(2004)14_Malta_EN.pdf)

Since the 2004 GRECO report, Malta has passed legislation to conform to EU requirements, including the Prevention of Money Laundering and Funding of Terrorism Regulations of July 2008 that conforms to European Union legislation under Directive 2005/60/EC (the Third Directive) and Directive 2006/70/EC (the Implementation Directive). For more information see:

<http://www.fiumalta.org/pdfs/LN1802008English.pdf>.

A 2008 report published by the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) confirms that Maltese authorities have taken measures to ensure that the AML/CFT (anti-money laundering - combating the financing of terrorism) regime in Malta will be consistent with recognized international standards and practices. The MONEYVAL report is available at: [http://www.fiumalta.org/pdfs/MONEYVAL\(2008\)41ProgRep-MLT_en.pdf](http://www.fiumalta.org/pdfs/MONEYVAL(2008)41ProgRep-MLT_en.pdf). Additionally, a Financial Intelligence Analysis Unit has been set up to support domestic and international law enforcement investigative efforts.

In 2012, Transparency International ranked Malta 43rd in its world corruption rankings, assigning Malta a Corruption Perception Index (CPI) of 5.7 which puts Malta behind several EU member states, such as Poland, Slovenia, Cyprus, Estonia, and Portugal. Malta ranked 18th out of the 27 EU Member States.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a “Lay-Person’s Guide to the FCPA,” is available at the U.S. Department of Justice’s Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Anti-Bribery Convention, including links to national implementing legislation and country monitoring reports, is available at: <http://www.oecd.org/investment/anti-bribery/>. See also new Anti-Bribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>.

- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: <http://www.commerce.gov/os/ogc/transparency-and-anti-bribery-initiatives>.
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public sector corruption in 180 countries and territories around the world. The CPI is available at: <http://www.transparency.org/research/cpi/overview>. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption-related events and developments from all continents, and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/research/gcr>.
- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 212 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption. See http://info.worldbank.org/governance/wgi/sc_country.asp. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://go.worldbank.org/32PINXVIJ0>.
- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and features a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/en/initiatives/gcp/GlobalEnablingTradeReport/index.htm>.
- Additional country information related to corruption can be found in the U.S. State Department's annual Human Rights Report available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 92 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>.

Bilateral Investment Agreements

[Return to top](#)

In addition to the investment guarantee agreement with the U.S., Malta has similar accords with Austria, Belgium/Luxembourg Economic Union, Bulgaria, Canada, Croatia, Cyprus, Czech Republic, Egypt, France, Germany, Italy, Kuwait, Libya, Netherlands, Slovak Republic, Slovenia, Sweden, Tunisia, Turkey, and the UK. The primary aim of these agreements is to encourage bilateral promotion and protection of investments. These agreements contain guarantees regarding (a) compensation in cases of

investment losses due to natural or other causes, and (b) repatriation of capital and dividends. Contracting parties agree not to expropriate each other's investments

OPIC and Other Investment Insurance Programs

[Return to top](#)

Malta qualifies for OPIC investment guarantee programs. Malta's leading trading partners (UK, Germany, France, and Italy) offer insurance programs similar to OPIC's which cover investments in Malta. Malta is a member of the Multilateral Investment Guarantee Agency (MIGA).

Labor

[Return to top](#)

Malta's labor force currently stands at roughly 174,126 people, of which 63 percent is male. The country's population is about 416,110 (2011), the lowest in the EU. The national minimum monthly wage is 900 USD (€685). Breaking that down further, the average weekly wage for laborers varies from 285 USD to 325 USD, while the average weekly wage for skilled workers ranges from 330 USD to 646 USD. Up to the third quarter of 2012, the average gross annual salary of employees was estimated to be €15,513 (19,934 USD); this amount refers to the average basic salary and excludes extra payments such as overtime, bonuses, and allowances. On a sectoral basis, the highest average gross annual salaries for employees were recorded in financial, real estate, renting, and business activities, while the highest average salaries by main occupation were recorded among legislators, senior officials, and managerial occupations. Annual bonuses generally amount to 1000 USD, and social insurance contributions add an additional 10 percent to the wage bill. Free or subsidized meals, transport allowances, and health insurance memberships are the most common fringe benefits. In addition, employees are entitled to 24 days annual leave and time off on public holidays that fall on a week day. Sick leave entitlement varies by industry. There are no formal requirements for local management.

Foreign companies that have invested in Malta have a high regard for the ability, productivity, and learning potential of Maltese workers, nearly all of whom speak English. In some industries, labor productivity is comparable to that in major Western European countries. Maltese managers now run most of the foreign firms in Malta, and on the labor front Malta enjoys one of the lowest strike rates in Western Europe. Labor unrest is unlikely to grow in the foreseeable future, as the Government strictly adheres to the ILO convention protecting workers' rights.

Foreign-Trade Zones/Free Ports

[Return to top](#)

Malta's Freeport container port offers modern transshipment facilities, storage, assembling and processing operations, as well as an oil terminal and bunkering facilities. It is operated by a private company, Malta Freeport Terminals Ltd., under a long-term lease. Malta Freeport Terminals ascertains that goods that have been subjected to processing or other modification in the Freeport are not identified to be of Maltese origin, unless their identity has been substantially transformed in Malta. Companies operating within the Freeport need special licenses in order to guard against illegal operations.

Companies licensed to operate in the Freeport benefit from investment tax credits and reduced tax rates.

Foreign Direct Investment Statistics

[Return to top](#)

Malta's Financial Accounts (percent of GDP)

| | 2008 | 2009 | 2010 | 2011 |
|--|------|-------|------|--------|
| Financial Accounts, excluding Reserves | 4.1 | 2.3 | 0.12 | -0.44 |
| Net Foreign Direct Investment | 7.7 | 9.4 | 12.6 | 6.9 |
| Net Portfolio Investment Flows | 6.3 | -32.7 | 20.2 | -48.91 |
| Net Financial Derivatives | -5.9 | -1.2 | 0.5 | -0.45 |
| Net Other Investment Flows | -3.7 | 26.6 | 38.5 | 41.18 |

Malta's Gross Fixed Capital Formation (in \$ million)

| | 2008 | 2009 | 2010 | 2011 |
|---|---------|---------|---------|--------|
| Gross Fixed Capital Formation | | | | |
| At current market prices | 1291.89 | 1152.89 | 1346.23 | 746.57 |
| At constant prices | 1011.19 | 815.80 | 898.80 | 467.80 |
| Ratio (percent) Fixed Investment to GDP at m.p. | 15.70 | 15.20 | 14.27 | 10.63 |

Source: National Statistics Office, Malta.

These figures include the capital inflows of foreign financial institutions that deal exclusively with non-residents.

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

How Do I Get Paid (Methods of Payment)

[Return to top](#)

Maltese importers try to avoid paying via letters of credit and drafts, as these increase the cost of the imported goods. Maltese firms often seek cash against documents or extended credit terms of 30-60 days. Before giving credit, U.S. companies should obtain credit background information on the companies involved. The Commercial Section of the U.S. Embassy will be happy to provide basic background information. Other sources of information include:

The Malta Chamber of Commerce and Enterprise:

<http://www.maltachamber.org.mt/>

The General Retailers and Traders Union (GRTU):

<http://www.grtu.org.mt/data/>

Full background credit reports can be obtained from Creditinfo, (local agents of Dun & Bradstreet):

<http://www.creditinfo.com.mt/>

U.S. exporters selling to the Maltese government should expect payment several months after delivery. It is standard practice for the government to pay successful bidders more than 60 days following the delivery of the supply of goods and/or services, and 150 days in the case of medicines. In addition, EU-funded bids require the supplier to lodge a bid bond; non-EU funded tenders valued over \$240,000 also require a bid bond. Although foreign companies can bid on Maltese Government tenders directly, it is advisable to appoint a local agent to complete the bid process.

How Does the Banking System Operate

[Return to top](#)

Banking in Malta is governed by the 2002 Central Bank of Malta Act and by the 1994 Banking Act; provisions of banking legislation are primarily administered by the Malta Financial Services Authority (MFSA). The two major banks in Malta are HSBC (Malta) Ltd. and Bank of Valletta. They each operate about 40 branches across Malta and Gozo, and together they control over 80 percent of the Maltese banking market. The next three leading banks are Lombard Bank (Malta), Banif Bank, and APS Bank. Commercial banks offer all forms of commercial banking services. Interest rates on foreign exchange deposits are in line with those prescribed by international money markets.

Backed by a worldwide correspondent network, banks in Malta offer a broad range of foreign exchange operations, including forward cover and expenditure payment services. The banks provide standard lending services: overdraft, loan, and trade finances. Banks in Malta are flexible in considering applications for finance.

Foreign Exchange Controls

[Return to top](#)

There are no foreign exchange controls that might negatively affect trade. Foreign exchange permission for payments abroad is automatically granted on presentation of supporting documentation. Dollar currency and travelers checks may be exchanged at banks, exchange offices, and hotels. Major credit cards are generally accepted with proper identification, though it is best to confirm what forms of payment are acceptable at each place of business.

Malta's foreign exchange rules conform to relevant EU regulations, although some controls still exist to facilitate the enforcement of money-laundering laws and tax collection.

U.S. Banks and Local Correspondent Banks

[Return to top](#)

No U.S. bank has a branch in Malta. However, HSBC, which is present in Malta, also has a significant U.S. presence. Local banks act as correspondents of several U.S. banks.

Project Financing

[Return to top](#)

Most current infrastructure projects in Malta are financed by the GOM's budget revenues, although some projects—such as roads and other major projects—are co-financed by the EU.

Banks constitute the main source of financing. The bond market in Malta is still majorly dominated by government bonds. Maltese companies have so far issued a limited number of bonds in Malta, but this trend has been on the rise between 2009 and 2012. In December 2006, the GOM set up the Malta Venture Capital plc in order to spearhead venture capital, especially for new entrepreneurs who had previously found it difficult to satisfy local commercial banks' requests for collateral assets. Malta Venture Capital's activities have encouraged the development of a venture capital market.

Checks are predominantly used for commercial transactions. Credit cards are widely available and frequently used for retail transactions. Most commercial bank liabilities are in the form of savings deposits. Most bank loans issued are short and medium term.

Neither Export-Import Bank nor Overseas Private Investment Corporation (OPIC) has been very active in the local market. The last OPIC delegation to Malta occurred in 1991.

EU financial assistance programs provide a wide array of grants, loans, loan guarantees, and co-financing for feasibility studies and infrastructure projects in a number of key sectors such as environmental, transportation, energy, telecommunications, tourism, and

public health. From a commercial perspective, these initiatives create significant market opportunities for U.S. businesses, U.S.-based suppliers, and subcontractors. The EU supports projects within Member States, as well as EU-wide "economic integration" projects that cross both internal and external EU borders.

The European Union provides project financing through grants from the European Commission and loans from the European Investment Bank. Grants from the Structural Funds are distributed through the Member States' national and regional authorities—these are only available for projects within the 27 EU Member States. The Managing Authority for Structural Funds in Malta is the Planning and Priorities Coordination Division within the Office of the Prime Minister (www.ppcd.gov.mt).

The CSEU Tenders Database

The U.S. Commercial Service at the U.S. Mission to the European Union offers a tool on its website to help U.S.-based companies identify European public procurement opportunities. The database features all current public procurement tenders issued by national and regional public authorities in the 27 Member States of the European Union, plus four other European countries, that are open to U.S.-based firms under the terms of the Government Procurement Agreement (GPA) implemented in 1995. The database is updated twice weekly and is easy to use with a range of search options, including approximately 20 industry sectors. The database also contains tenders for public procurement contracts relating to structural funds. Readers may access the database at http://www.buyusa.gov/europeanunion/eu_tenders.html.

EU Structural Funds

The EU Structural Funds, including the European Regional Development Fund, were created in 1975 to assist economically depressed regions of the then European Economic Community that required industrial restructuring. The EU earmarked €308 billion for projects under the Structural Funds and Cohesion Fund programs for the 2007-2013 period for the EU-27. In addition to funding economic development projects proposed by Member States or local authorities, EU Structural Funds also support specialized projects promoting EU socioeconomic objectives. Member States negotiate regional and sectoral programs with officials from the regional policy Directorate-General at the European Commission. For information on approved programs that will result in future project proposals, please visit:

http://ec.europa.eu/regional_policy/atlas2007/fiche_index_en.htm. For the Maltese government office responsible for managing these funds, please visit: www.ppcd.gov.mt.

Member State officials are the key decision-makers for projects financed through Structural Funds. They assess the needs of their country, investigate projects, evaluate bids, and award contracts. To become familiar with available financial support programs in the Member States, it is advisable for potential contractors to meet with local officials to discuss local needs.

If tenders issued by Member States' public contracting authorities for projects supported by EU grants meet the EU minimum contract value requirement for the eligible sector, they are subject to EU public procurement legislation. Below this threshold, tender procedures are subject to national procurement legislation. There are no overt prohibitions against the participation of U.S. companies, either as developers or

concessionaires of projects supported partially by the Structural Funds, or as bidders on subsequent public tenders related to such projects; however, it is advisable that U.S. companies team up with a local partner. All Structural Fund projects are co-financed by national authorities, and most also qualify for a European Investment Bank loan. The private sector is also involved in project financing. For more information on these programs, please see the market research section on the website of the US Mission to the EU:

<http://export.gov/europeanunion/marketresearch/index.asp>

The Cohesion Fund

The Cohesion Fund is another instrument of EU structural policy. Its €61.5 billion budget for 2007-2013 seeks to improve cohesion within the EU by funding transport infrastructure and environmental projects in Portugal, Spain, Greece, and the twelve new EU member states from Central and Eastern Europe (accession since 2004). These projects are generally co-financed by national authorities, the European Investment Bank, and the private sector.

Key Link:

http://ec.europa.eu/regional_policy/thefunds/cohesion/index_en.cfm

Other EU Grants for Member States

Another set of sector-specific grants offers assistance to EU member states in the fields of science, technology, communications, energy, environmental protection, education, training, and research. Tenders related to these grants are posted on the various websites of the Directorates-General of the European Commission. Conditions for participation are strict, and participation is usually restricted to EU firms or tied to EU content. Information pertaining to each of these programs can be found at:

http://ec.europa.eu/grants/index_en.htm.

External Assistance Grants

“Development and Cooperation – EuropeAid” is a new Directorate-General (DG) responsible for designing EU development policies and delivering aid through programs and projects across the world. It incorporates the former Development and EuropeAid DGs. Its website offers extensive information on the range of grant programs and eligible projects, as well as manuals to help interested parties understand the relevant contract law. However, only enterprises located in the EU Member States may answer calls for tender for contracts financed by EuropeAid. Further, EuropeAid requires that the products used to respond to these projects are manufactured in the EU or in the aid recipient country. Consultants of U.S. nationality employed by a European firm are allowed to form part of a bidding team, though, and European subsidiaries of U.S. firms are eligible to participate in these calls for tender.

Key Link:

http://ec.europa.eu/europeaid/index_en.htm

All tenders related to EU-funded programs outside the territory of the European Union (including the accession countries) are located on the EuropeAid Cooperation Office website: http://ec.europa.eu/europeaid/work/funding/index_en.htm.

Through the Instrument for Pre-accession Assistance (IPA), the EU provides specific pre-accession financial assistance to candidate countries that seek to join the EU. Also,

the European Neighborhood and Partnership Instrument (ENPI) will provide assistance to countries that are the Southern Mediterranean and Eastern neighbors of the EU.

IPA focuses on priorities linked to the adoption of the *acquis communautaire* (the body of European Union law that must be adopted by accession candidate countries as a precondition to accession), i.e., building up the administrative and institutional capacities of candidate countries and financing investments designed to help them comply with European Commission law. IPA will also finance projects destined to help potential future candidate countries, especially in the Balkans. The IPA budget for 2007-2013 is €11.4 billion.

Key Links:

http://ec.europa.eu/enlargement/index_en.htm

http://ec.europa.eu/enlargement/instruments/how-does-it-work/index_en.htm.

The European Neighborhood Policy program (ENPI) covers the EU's neighbors to the east and along the southern and eastern shores of the Mediterranean, i.e. Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, the Palestinian Authority, Syria, Tunisia, and Ukraine. The ENPI budget is €11.9 billion for 2007-2013.

Key Link:

http://ec.europa.eu/world/enp/index_en.htm

Loans from the European Investment Bank

Headquartered in Luxembourg, the European Investment Bank (EIB) is the financing arm of the European Union. Since its creation in 1958, the EIB has been a key player in building Europe. As the EIB's lending practices evolved over the years, it became highly competent in assessing, reviewing, and monitoring projects. As a non-profit banking institution, the EIB offers cost-competitive, long-term lending in Europe. Best known for its financial and economic analysis of projects, the Bank makes loans both to private and public EU-based borrowers for projects in all sectors of the economy, such as telecommunications, transport, energy infrastructure, and environment.

While the EIB mostly funds projects within the EU, it lends outside the EU as well, including to Central, Eastern, and Southeastern Europe; Latin America; and the Pacific and Caribbean. In 2012, the EIB lent €52 billion for projects. The EIB also plays a key role in supporting EU enlargement through loans used to finance improvements in infrastructure, research, and industrial manufacturing to help countries prepare for eventual EU membership.

Projects financed by the EIB must contribute to the socioeconomic objectives set out by the European Union, such as fostering the development of less-favored regions; improving European transport and telecommunication infrastructure; protecting the environment; supporting the activities of SMEs; assisting urban renewal; and generally promoting growth, competitiveness, and employment in Europe. The EIB created a list of proposed projects and posted it on its website. As such, the EIB website is a source

of intelligence on upcoming tenders related to EIB-financed projects:
<http://www.eib.org/projects/pipeline/index.htm>.

The EIB presents attractive opportunities to U.S. businesses. EIB lending rates are lower than most other commercial rates. Like all EIB customers, however, U.S. firms must apply the loan proceeds to a project that contributes to the European objectives cited above.

Web Resources

[Return to top](#)

The Central Bank of Malta:
<http://www.centralbankmalta.com/index.asp>

The Malta Financial
<http://www.mfsa.com.mt/pages/default.aspx>

Planning and Priorities Coordination Division
<http://ppcd.gov.mt/home?l=1>

Bank of Valletta:
<http://www.bov.com>

HSBC Malta Ltd:
<http://www.hsbcmalta.com/>

EU Websites:

The EU Regional Policies, the EU Structural and Cohesion Funds:
http://ec.europa.eu/regional_policy/index_en.htm

EU Grants and Loans Index:
http://ec.europa.eu/grants/index_en.htm

EuropeAid Co-Operation Office:
http://ec.europa.eu/europeaid/index_en.htm

EU Tender Repository:
<http://ted.europa.eu/TED/main/HomePage.do>

The European Investment Bank:
<http://www.eib.org>

EIB-Financed Projects:
<http://www.eib.org/projects/index.htm?lang=-en>.

U.S. Websites:

CSEU Tender Database:
<http://export.gov/europeanunion/grantstendersandfinancing/cseutendersdatabase/index.asp>

Market Research Section on the website of the U.S. Mission to the EU:
<http://export.gov/mrktresearch/index.asp>

Export-Import Bank of the United States:
<http://www.exim.gov>

Country Limitation Schedule:
http://www.exim.gov/tools/country/country_limits.html

OPIC:
<http://www.opic.gov>

Trade and Development Agency:
<http://www.ustda.gov/>

SBA's Office of International Trade:
<http://www.sba.gov/about-offices-content/1/2889>

USDA Commodity Credit Corporation:
<http://www.fsa.usda.gov/ccs/default.htm>

U.S. Agency for International Development:
<http://www.usaid.gov>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 8: Business Travel

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
- [Transportation](#)
- [Language](#)
- [Health](#)
- [Local Time, Business Hours, and Holidays](#)
- [Web Resources](#)

Business Customs

[Return to top](#)

In general, what is considered good business practice in the United States also applies when doing business in Malta. Business people in Malta appreciate prompt replies to their inquiries and expect all correspondence to be acknowledged. Conservative business attire is recommended at all times. Business appointments are required, and visitors are expected to be punctual.

Maltese buyers appreciate quality and service but are also interested in delivery times and price. Care must be taken to honor delivery dates and provide prompt after-sales service.

While Maltese is the first official language in Malta, English is also an official language and therefore widely spoken and understood. Virtually all business is transacted in English.

Travel Advisory

[Return to top](#)

Current travel advisory information for Malta is available on the Department of State's website at: http://travel.state.gov/travel/cis_pa_tw/cis/cis_963.html

Travel advisory information for all countries is available at:
http://travel.state.gov/travel/travel_1744.html

Visa Requirements

[Return to top](#)

Every U.S. traveler entering Malta must have a valid U.S. passport. No visa is required for U.S. citizens visiting Malta for fewer than 90 days, but for longer stays a visa is required. On arrival in Malta, American citizens normally will be asked how long they intend to stay in Malta. U.S. citizens planning to work in Malta must first obtain a work visa from the Immigration Section of the Police Department in Malta. For further information concerning entry requirements for Malta, travelers can contact the Maltese Embassy at 2017 Connecticut Avenue N.W., Washington D.C. 20008; tel: (202) 462-

3611 or (202) 462-3612 or fax (202) 387-5470, e-mail: maltaembassy.washington@gov.mt, or the Maltese Consulate in New York City; tel (212) 725-2345.

Malta joined the U.S Visa Waiver Program (VWP) on December 30, 2008. Maltese citizens are eligible to travel to the U.S. without a visa under the Visa Waiver Program if the following conditions are met:

- The visit is less than 90 days
- The visit is for tourism or business
- The traveler holds a valid biometric passport
- The traveler registers for and receives an approved travel authorization, or ESTA, by entering their travel details at <https://esta.cbp.dhs.gov/esta/> prior to commencing travel
- The traveler has a valid return ticket
- If arriving by air or sea, the traveler will arrive on a regularly scheduled carrier.

Maltese citizens who do not have a biometric passport may continue to travel to the United States if they are in possession of a valid U.S. visa. Maltese citizens may apply for a U.S. visa at the American Embassy, Ta'Qali National Park, Attard, Malta, but they should first follow the instructions for visa applicants found on the American Embassy website (see below). U.S. Companies that require Maltese citizens to travel to the United States for business purposes should advise the visa applicants to consult the below website.

State Department Visa Website: http://travel.state.gov/visa/visa_1750.html

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links:

State Department Visa Website: <http://travel.state.gov/visa/>

Consular/Visa Section, U.S. Embassy, Valletta, Malta:
<http://malta.usembassy.gov/visas.html>

Telecommunications

[Return to top](#)

Go, formerly a state monopoly, is the primary fixed line telecommunication provider in Malta. International telecommunication costs to and from Malta compare favorably with those in any large U.S. city. Telephone calls to the U.S. are chargeable at around \$.045 per minute (via VOIP service). Telephone calls to the U.S. may also be charged to international telephone cards such as AT&T, MCI, and Sprint. International and local calling cards can also be bought locally. The international rates compare favorably with U.S. rates. International directory (AT&T direct) inquiries may be reached by dialing 800-901-10 followed by 1-800-837-2396. The country code for Malta is 356; there are no city codes.

The cellular network throughout Malta is excellent. One needs a tri-band or quad-band GSM (unlocked) cell phone to be able to make cell calls from Malta to the U.S. and vice versa. GSM cell phones may be rented or purchased locally.

Transportation

[Return to top](#)

Malta has a modern and improving transportation infrastructure.

- Malta Freeport is a major maritime transshipment logistics center in the Mediterranean. It offers regular networking to around 100 ports worldwide (<http://www.freeport.com.mt>).
- Malta International Airport is a modern facility that handles 2.5 million passengers per annum (<http://www.maltairport.com>).
- Direct scheduled flights are available to 37 major centers in Europe, North Africa, and the Middle East via Air Malta, the flag carrier (<http://airmalta.com>) and other air carriers.
- Malta is a major cruise ship destination with an average of 350 cruise ship visits yearly and an estimated 608,786 visitors in 2012. The cruise ship terminal, in the historic Grand Harbor, was refurbished in 2005 as part of the Valletta Waterfront project at a cost of around \$30 million (<http://www.vallettawaterfront.com>).
- Inland transportation is normally by bus, private car, or taxi. Buses are frequent, safe, and inexpensive. There are many car rental agencies around Malta. As in the UK, steering wheels are on the right and traffic drives on the left. Traffic is normally heavy during rush hours. Taxi service from Malta International Airport to all localities is based on a fixed rate; it is advisable that one books and pays at the taxi office in the arrival lounge of the airport. A regular ferry service operates between Malta and its sister island, Gozo (<http://www.gozochannel.com/>).

Language

[Return to top](#)

Maltese is the first official language of Malta. English is the second official language and is widely spoken and understood. All business is conducted in English.

Health

[Return to top](#)

Good quality health care is widely available in Malta. A new state-of-the-art public hospital opened in 2007. The GOM maintains Health Centers in almost every town. There are also several private clinics. Both Malta's general hospital and the private facilities are equipped with modern diagnostic equipment. General hospitalization, emergency care, and most routine surgery can be handled at both the Government hospital and private clinics. The majority of Malta's medical and dental specialists are English-speaking, most of whom were trained in Western Europe or the U.S. Even supporting staff such as nurses are able to communicate in English.

Local Time, Business Hours, and Holidays

[Return to top](#)

The time in Malta is one hour ahead of Greenwich Mean Time and 6 hours ahead of the East Coast of the United States (Eastern Standard Time).

Government offices open from 7:45 am to 5:15 pm, Monday through Friday, from October to mid-June. Between mid-June and September, government working hours are reduced to 7:30 am to 1:30 pm, Monday through Friday. Private sector companies generally follow the government's work schedule but do not operate on half-days in the summer. Banks are open Monday through Thursday, 8:30 am through 2:00 pm, and 8:30 am through 3:30 pm on Friday. On Saturday, banking hours are 8:30 am to 12:00 pm, but some branches are closed during the summer. Commerce and industry business hours are 8:30 am through 5:30 pm, Monday through Friday, and on Saturday from 8:00 am through 1:00 pm. Retail establishments are closed on Sundays. However, several establishments located in tourist areas (or those that sell primarily tourist-related items) do open on Sundays and public holidays.

The following is a list of holidays observed by Malta during calendar year 2013

DAY & DATE

Tuesday, January 1
Sunday, February 10
Tuesday, March 19
Friday, March 29
Sunday, March 31

Wednesday, May 1
Friday, June 7
Saturday, June 29
Thursday, August 15
Sunday, September 8
Saturday, September 21
Sunday, December 8
Friday, December 13
Wednesday, December 25

HOLIDAY

New Year's Day
St. Paul's Shipwreck
St. Joseph's Day
Good Friday
Freedom Day

Labor Day
Sette Giugno
S.S. Peter & Paul
Assumption
Victory Day
Independence Day
Immaculate Conception
Republic Day
Christmas Day

Web Resources[Return to top](#)

Go (mobile services provider):
<http://www.go.com.mt>

Vodafone Malta:
<http://www.vodafone.com.mt>

Onvol :
<http://www.onvol.net>
Health Department:
<https://ehealth.gov.mt/>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 9: Contacts, Market Research, and Trade Events

- [Contacts](#)
- [Market Research](#)
- [Trade Events](#)

Contacts

[Return to top](#)

Office of the Prime Minister:

<https://gov.mt/en/Government/Ministries-Interim-Subsites/OPM/Pages/The-Prime-Minister.aspx>

Minister for EU Affairs and Implementation of Electoral Manifesto:

<http://gov.mt/en/Government/Government%20of%20Malta/Ministries%20and%20Entities/Pages/MEAIM-Contacts.aspx>

Ministry for Home Affairs and National Security:

<http://gov.mt/en/Government/Government%20of%20Malta/Ministries%20and%20Entities/Pages/MHAS-Contact-Details.aspx>

Ministry for Foreign Affairs:

<http://www.foreign.gov.mt/Default.aspx?MDIS=547>

Ministry for Finance:

<http://gov.mt/en/Government/Government%20of%20Malta/Ministries%20and%20Entities/Pages/MFIN-Contact-Details.aspx>

Ministry for Transport and Infrastructure:

<http://gov.mt/en/Government/Government%20of%20Malta/Ministries%20and%20Entities/Pages/MTI-Contact-Details.aspx>

Ministry for Energy and the Conservation of Water:

<http://gov.mt/en/Government/Government%20of%20Malta/Ministries%20and%20Entities/Pages/MECW-Contact-Details.aspx>

Ministry for Sustainable Development, the Environment and Climate Change:

<https://www.gov.mt/en/Government/Government%20of%20Malta/Ministries%20and%20Entities/Pages/MSDEC-Contact-Details.aspx>

Ministry for Education and Employment :

<https://www.education.gov.mt/ContactUs.aspx?depid=13&pageid=137>

Ministry for Health:

<https://gov.mt/en/Government/Government%20of%20Malta/Ministries%20and%20Entities/Pages/MFH-Contact-Details.aspx>

Ministry for the Economy, Investment, and Small Business:
<http://gov.mt/en/Government/Government%20of%20Malta/Ministries%20and%20Entities/MEIB/Pages/Contact-Details-MEIB.aspx>

Air Malta:
<http://www.airmalta.com/>

Central Bank of Malta:
<http://www.centralbankmalta.com/>

Malta Competition and Consumer Affairs Authority:
<http://www.mccaa.org.mt/>

Malta Council for Economic and Social Development:
<http://www.mcesd.org.mt/>

Malta Enterprise:
<http://www.maltaenterprise.com/>

Malta Financial Services Authority:
<http://www.mfsa.com.mt/>

Malta Freeport Corporation:
<http://www.freeport.com.mt/>

Malta International Airport:
<http://www.maltaairport.com/>

Transport Malta :
<http://www.transport.gov.mt/>

Malta Resources Authority:
<http://www.mra.org.mt/>

National Statistics Office:
<http://www.nso.gov.mt/>

Malta Stock Exchange:
<http://www.borzamalta.com.mt/>

Malta Tourism Authority:
<http://www.visitmalta.com/>

Go (mobile services provider):
<http://www.go.com.mt/>

Malta Chamber of Commerce and Enterprise and Industry:
<http://www.chamber.org.mt/>

GRTU – Malta Chamber of Small and Medium Enterprises:
<http://www.grtu.org.mt/>

Amcham Malta:

<http://www.amcham-malta.org/>

Commercial Section, U.S. Embassy, Malta -

<http://malta.usembassy.gov/commercial.html>

Market Research

[Return to top](#)

To view market research reports produced by the U.S. Commercial Service please visit the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required and is free.

Trade Events

[Return to top](#)

Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents/index.asp>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling federal agencies to prepare U.S. companies to export successfully, connect them with trade opportunities, and support them once they do have exporting opportunities.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium-sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research,
- Promote your products and services to qualified buyers,
- Meet the best distributors and agents for your products and services,
- Overcome potential challenges or trade barriers, and
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade-financing sources.

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov.

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: <http://malta.usembassy.gov/com-serviceforus.html>.

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the U.S. Department of Commerce's Trade Information Center at (800) USA-TRAD(E).

We value your feedback on the format and contents of this report. Please send your comments and recommendations to: Market_Research_Feedback@trade.gov

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

[Return to table of contents](#)